

Tuesday November 8 1977

***12p

CONTINENTAL TELEGRAPH PRICE INDEXES: AUSTRIA Fr.25; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.8; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fr.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Pes.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p

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NEWS SUMMARY

BUSINESS

Equities up 4.2%; Gold puts on \$3

The most serious

on the Grunwick

strikes erupted. This

the Lords began

Court's overturning

of a Government

of Professional

Clerical and Com-

should be recognised

processing company.

estimated 5,000 pickets

\$18,000, its trade-weighted

depreciation rising to 63.4

The dollar was

1.70 per cent. (LSE).

STERLING fell 20 points to

1.70, its trade-weighted

depreciation rising to 63.4

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1.70 per cent. (LSE).

GOLD rose \$4 to \$166.

WALL STREET was up 1.9 up

at 817.13 just before the close.

RETAIL SALES fell in

September from the August

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A question of fairness

BY COLIN JONES

THIS MOST interesting aspect of this year's negotiations about the coming year's Government grant to local authorities is the way in which the usual row about the level of local spending which Ministers ought to accept for grant aid has been overtaken by a bitter squabble between the local authority associations over how the grant should be shared out. Indeed, local councils have now reined back on their spending so successfully that the final outcome for the present financial year is expected to fall a little short—rather than a little beyond—the volume which had been set for next year. However, these cutbacks have in turn exacerbated the argument about the distribution of the grant.

For, when local spending levels out or declines, more grant can be given to some areas only by reducing the amount paid to others and thus obliging the latter to make above-average rates increases. The "shire" counties, which have seen more and more grant going to the cities in recent years, are saying that the process has gone too far, while councils in London and the big provincial conurbations are saying that it has not gone far enough to reflect either their exceptional spending needs or Ministers' desire to help inner-city areas through the rate support grant.

Local tax

Ideally, local authorities would like to have a system of grant distribution which would give them the opportunity to impose much the same kind of local tax burden for providing much the same standard of local services, irrespective of differences in local needs. But complete and precise equalisation is impossible to achieve. The present system, which was adopted in 1974 as the best then available, is based upon a weighted multiple regression analysis of past local authority expenditure so as to identify the factors which appear to be associated with above-average spending and thus by implication with above-average need.

This system is said to be so complicated that very few people can understand it. But that has not prevented it coming under increasingly severe criticism both of principle and of practice. In the first place, the Conservatives' idea of implying that it is wrong to impose a cash ceiling on total local authority spending with

No agreement

Indeed, if the impartial observer were still in any doubt about this, then the outcome of this year's negotiations should have made it crystal clear. For the only point upon which the grants working group of local authority and government officials were able to agree was the lack of acceptable and up-to-date method of needs assessment.

The three main local authority associations—representing respectively the shire counties, the districts and the London and metropolitan councils—failed to agree not only over what method of needs assessment to use and over how London should be treated but even over some of the ground rules for their task which had been set by Mr. Peter Shore, the Environment Secretary. Instead of ending up with two alternative methods of assessing needs, as last year, this time they advanced four—the three which they had each put forward (to advance their own members' respective interests) plus another which Mr. Shore's own officials insisted on having tested.

The cynic would say that if next year's grant distribution is, in fact, going to be determined by the pattern of next year's crop of local elections in London and the metropolitan areas then it would be better if the bargaining were brought out from behind the closed doors by which it is normally hidden from public view. If the alleged objectivity is indeed spurious then let it be demonstrated to be so through public scrutiny. Indeed, this could well help, rather than hinder, the development of a better system. Such a system is not only desirable to ensure reasonable fairness between raters, it would be essential both for the reforms of the grant system favoured by the present Government and for of practice. In the first place, it is argued that it is wrong to impose a cash ceiling on total local authority spending with

FILM AND VIDEO

BY JOHN CHITTOCK

Those elusive 16mm. titles

IN THE U.K. the ratio of Timber Training search for films on particular subjects, without knowledge of 16mm. film projectors is approximately 300 to one. This odd statistic acquires considerable interest when compared with the annual ratio of new book titles to new 16mm. titles—about 25 to one. Such figures ignore 35mm. and television films, which are not normally accessible for public use but none the less add their weight to the view that a lot of films are being made. The main reason that books remain at least numerically superior is, of course, that many more copies are printed from each title—a Alaskan epic—*Pipeline Alaska*—and at the other side of the City, Shell U.K. encouraged us to use less of the stuff in *One Thousand Miles to the Galloons* (the story of a remarkable competition in which purpose-built vehicles really do achieve this fundamental to educational needs). but what about cinema? Our cultural standards in looking at moving pictures are at best uneven and at worst a threat to healthy social development.

The pervading problem with films is that of availability and accessibility. Commercial and bureaucratic problems often make it impossible for the public—even film societies—to hire or purchase many titles; and when they are available, there is still the ordeal of finding out that they exist, tracking down their source and then physically obtaining the copy.

Catalogue

For those using non-fiction film production companies: the 1976 British National Film Catalogue identifies 487 distributors, although of these less than one-fifth are 16mm. library, Guide Sound and Vision, so potential users will have little difficulty in tracking them down. But the existence of a film is no guarantee that its source will be easy to find. There are now almost as many 16mm. film libraries in U.K. as book libraries providing better reference facilities about 16mm. films. There are literally dozens of specialist film catalogues available, and every local library of size ought to have all of these—so that the search for a film is at least made convenient, indeed possible, for anybody outside Central London. For the fortunate minority in the metropolis, they can always fall back on the BNFC, the British Industrial and Scientific Film Association, and various similar bodies which maintain information departments—although even these will probably want your subscription before your telephone inquiry.

Teacher training research

THE DEPARTMENT OF EDUCATION AND SCIENCE is sponsoring two research projects at total cost of about £50,000 dealing with the education and training of serving teachers.

A two-and-a-half-year project to evaluate the new development of school-based training is being directed by Dr. Ray Bolam, hon.

Research Fellow at the Cambridge Institute of Education.

In the past few weeks, the preview season has been gathering momentum and exemplifying very well the range of releases available on 16mm.

There have been safety training films from the Furniture and

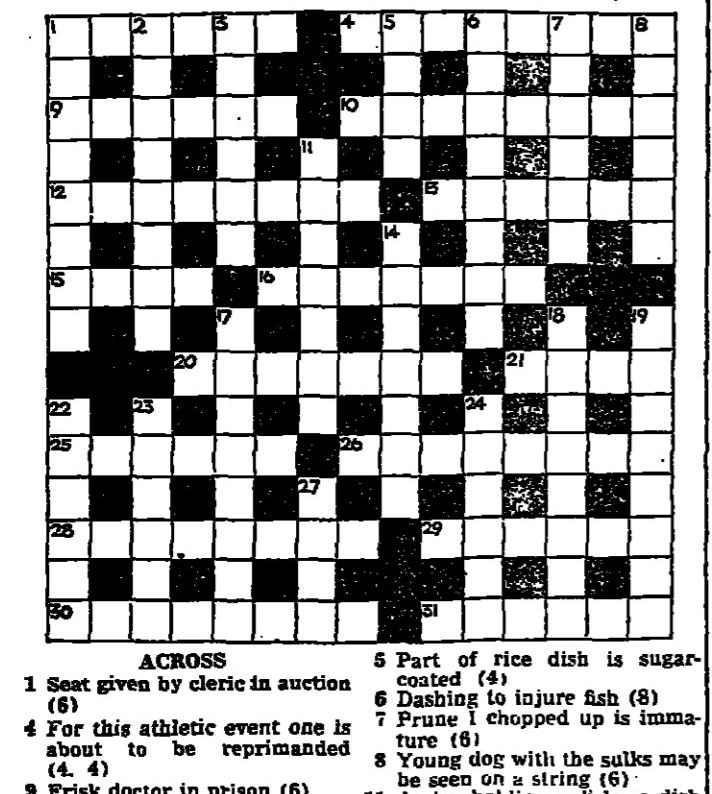
TV Radio

BBC 1

† indicates programme in black and white.
8.35 a.m. For Schools, Colleges, 5.40 News.
12.45 p.m. News. 1.00 Pebble Mill.
1.45 How Do You Do! 2.00 You and Me. 2.14 For Schools, Colleges.
2.20 Pobol Y Cymru. 2.33 Regional News for England (except London). 3.33 Play School. 4.20 Astronaut. 4.25 Jackanory. 4.40 Big John, Little John. 5.00 John Craven's Newsround. 5.05 Horses Galore. 5.30 Noah and Nelly in Skylark.

All regions as BBC 1 except at the following times:
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.40 The Osmonds (London and South East only).
7.10 The Oregon Trail.
8.00 It Ain't Half Hot Mum.
8.30 Mastermind.
9.00 News.
9.25 Play for To-day: "Oy Vay Maria," by Mary O'Malley.
10.35 To-night.
11.15 Bellamy's Europe.
11.45 Weather: Regional News.

F.T. CROSSWORD PUZZLE No. 3513



SIRATE, STICKLER, LASHES, MADELINE, JIG, TIP, DSB, DARKROOM, TIPTOES, CYCNET, TAINGEST, SIDEBOARDS, CUTS, INHANDSTOPPABLE, ABBREVIATION, THANKFULLYREDUCE, ESE, PROTESTANT, SIEBONANT, AGENT.

DOWN:
1. Does it give directions to endorse the mail? (8)
2. Get less from mini dish (8)
3. Pool comes up to a hospital sign—in Bath? (6)

LONDON

9.30 a.m. Schools Programmes. 9.45 Programme. 9.55 Upgrades. 10.00 GCA Reports. 10.30 London Farm. 11.00 Get Some In. 11.45 Police Watch.

12.30 Felix the Cat. 12.45 Issi Noho. 12.50 Stepping Stones. 12.55 The Inventors. 1.00 News. 1.20 Help! 1.30 Crown Court. 1.45 News and Weather. 10.00 Look Down. 3.20 Looks Familiar. 3.30 The Sullivans. 4.20 The Sooty Show. 4.45 Magpie. 5.15 Sportscene.

5.45 News. 6.00 Thamestv at 6. 6.20 Get Set. 6.45 Get Set. 7.00 Get Set. 7.15 Emmerdale Farm. 7.45 Happy Days. 7.55 The Tudor Mystery Movie. 8.00 The Executive Service. 8.15 TVC. 8.30 The Price of Power.

8.45 News. 8.55 The Undersea Adventure of Captain Nemo. 9.00 Crossroads. 9.30 Scotland. 9.45 Weather. 10.00 International. 10.15 Late Call. 11.00 Late American Sky.

11.20 Report West Readlines. 12.00 Report Wales Headlines. 2.00 Homeparties. 2.30 Radio 4. 3.00 Radio 5. 3.30 Radio 6. 4.00 Radio 7. 4.30 Radio 8. 4.45 Radio 9. 5.00 Radio 10. 5.30 Radio 11. 6.00 Radio 12. 6.30 Radio 13. 7.00 Radio 14. 7.30 Radio 15. 8.00 Radio 16. 8.30 Radio 17. 9.00 Radio 18. 9.30 Radio 19. 10.00 Radio 20. 10.30 Radio 21. 11.00 Radio 22. 11.30 Radio 23. 12.00 Radio 24. 12.30 Radio 25. 1.00 Radio 26. 1.30 Radio 27. 1.45 Radio 28. 2.00 Radio 29. 2.30 Radio 30. 2.45 Radio 31. 3.00 Radio 32. 3.30 Radio 33. 4.00 Radio 34. 4.30 Radio 35. 5.00 Radio 36. 5.30 Radio 37. 6.00 Radio 38. 6.30 Radio 39. 7.00 Radio 40. 7.30 Radio 41. 8.00 Radio 42. 8.30 Radio 43. 9.00 Radio 44. 9.30 Radio 45. 10.00 Radio 46. 10.30 Radio 47. 11.00 Radio 48. 11.30 Radio 49. 12.00 Radio 50. 12.30 Radio 51. 1.00 Radio 52. 1.30 Radio 53. 2.00 Radio 54. 2.30 Radio 55. 3.00 Radio 56. 3.30 Radio 57. 4.00 Radio 58. 4.30 Radio 59. 5.00 Radio 60. 5.30 Radio 61. 6.00 Radio 62. 6.30 Radio 63. 7.00 Radio 64. 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EUROPEAN NEWS



A squadron of the Soviet Union's new T-72 battle tanks rumble through Red Square.

T-72 leads Red Square parade

BY DAVID SATTER

SOVIET UNION to-day. In a speech to a reception in the Kremlin Palace of Congresses, Mr. Brezhnev said that it was "a great nuclear howitzer" in the plans of the Communist Party. For this October 1917 revolution, he said, "Soviet peace efforts are now marked by Marshal Dmitri Ustinov, the special intensity". Mr. Brezhnev's Defence Minister, said in the rest of the Soviet leadership before the parade got ship, as well as Mr. Urho Kekkonen, the Finnish President, and Marshal Ustinov is committed to detente, it is strengthening its defense. To disserve anyone may risk disturbing our lives." Marshal Ustinov praised Mr. Brezhnev, the Soviet regarded by Western experts as "the true continuator of the most formidable in existence, his cause," a point that was made in Red Square in two squadrons with a total number of 46 vehicles and 1,000 men. Mr. Brezhnev as a crew member in the turret of each. The T-72 is wider, and lower than its predecessor, and

MOSCOW, Nov. 7.

T-72, and is believed to have the first fully automatic loading system in a Soviet tank.

New self-propelled 122 mm. and 152 mm. howitzers followed the T-72 tanks in the parade, which moved past the reviewing stand in rows of three. Another weapon not previously seen in a Moscow parade was an anti-tank guided missile, which was transported through the square on wheeled vehicles.

There were also tactical rockets, armoured troop carriers, multi-round rocket launchers, missile carriers with their own radar systems, and four short-range SS-12 ballistic missiles on view.

German bank's wage plea

BY GUY HAWTHORN

FRANKFURT Nov. 7. ST. GERMANY'S bankers to per cent in 1978, but so less appealed for restraint during 4.5 per cent. An important round of wage negotiations, urging that settlements economic upswings in the shape old take into account the of purchasing power were not level of corporate profits to be lost.

Herr Poullain, frequently an independent voice in economic policy, said that the recent joint real economic growth rate part of the five leading economic id prove illusory if there institutes about next year's a renewed burst of high-growth rate. It should be well settements. Above the institute's 3 per cent measures to deal with the predictions he said.

dimmed weakness of capital. He recommended that the government should take foremost Bundesbank consider a slightly cut in all economic policy, lower target rate of growth of the money supply than this year.

Adrian Dicks adds from when the target of 4.5 per cent: A leading banker, Herr Herr's rate of growth in the big Poullain, chairman of central bank money stock is now

the Deutsche Leidenschaft Giro being clearly exceeded, after a rule called to-day for wage slow start in the first few

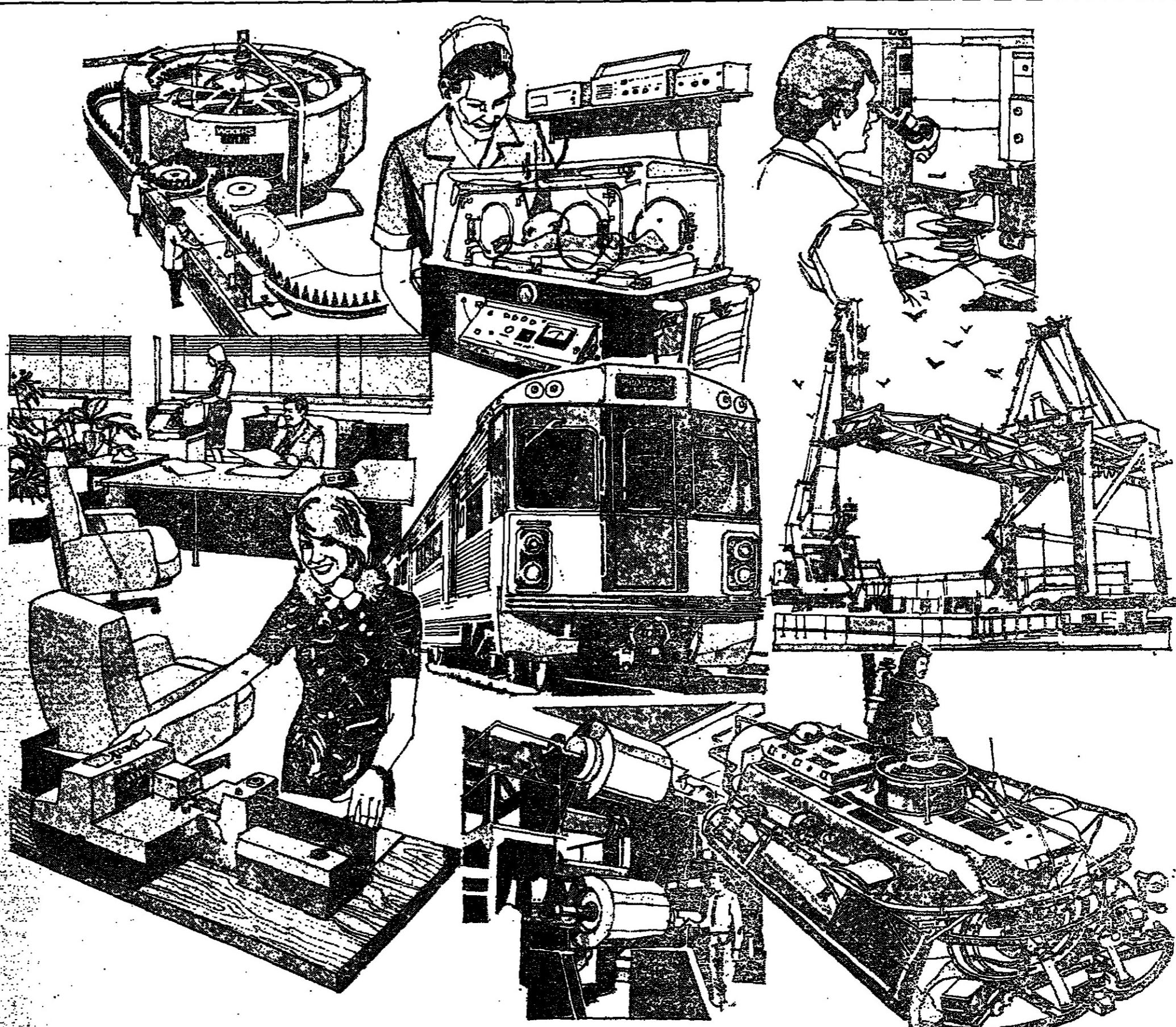
recesses of no more than 5.5 months.

Stricter anti-merger powers urged

BY ADRIAN DICKS

RONGER AND better-defined their own sphere, when these are dominated by small and medium sized companies. The paper defines a big company for this purpose as one with a turnover of DM2bn. (250m.), and offers several different ways of identifying the type of market which it feels such large concerns should not be allowed to enter without approval.

Further, it suggests that all mergers involving a company with DM2bn. turnover, or two companies with a turnover of more than DM1bn. apiece, should be compulsorily reported to the Monopolies Commission to push the market share outside the Federated Cartel Office.



**Can we borrow
your smile for
a little while?**



POPPY WEEK NOV 7-13

Contact your local Legion branch
(you must be 16 or over)
or write to

**The Royal British Legion
Poppy Appeal**

Maidstone, Kent.

In recent years the Vickers Group has attained dominance in many new areas of growth as well as strengthening our position in traditional engineering fields.

Combining our skills as engineers and innovators with the ability to plan continued growth and finance our own developments.

Now we are expanding on the success of the Howson-Algraphy lithographic printing techniques which have already won us markets in over 90 countries.

We are spending over £4 million on a new plant to meet increasing world demand for Roneo-Vickers office equipment such as furniture, duplicators, electronic stencil cutters, postal machines, and the wide range of products needed to meet the demands of modern businesses.

We are developing revolutionary new submersibles for undersea engineering and pioneering advanced techniques for exploration in even deeper and rougher waters.

Our technological abilities in engineering were highlighted in

Turkey willing to satisfy IMF

ANKARA, Nov. 7.

BY DAVID TONGE

THE TURKISH Government today said that it was willing to meet the conditions laid down by the International Monetary Fund for an IMF loan agreement. Such a loan has been made available by the country's foreign exchange crisis and the queue of overdue foreign exchange payments, which has built up to over £1bn.

Foreign bankers say they have told the Minister of Finance, Mr. Cahit Bilgehan, that Turkey will receive any further funds needed to stabilize the economy—in effect a rise in salaries of up to £30 per month—which will increase the budget deficit by TL10bn. in a full year. This is equivalent to one quarter of the savings resulting from the September measures.

The Minister told Millieter that the Government did not envisage freezing wages—an almost impossible move in today's circumstances—and that the agreement with the IMF would be for one year.

Ankara's defence spending worries NATO

BRUSSELS, Nov. 7.

BY DAVID BUCHAN

IN THE light of the current visit by an International Monetary Fund (IMF) team to Ankara, NATO officials are now expressing concern that Turkey is spending more on defence than its economy can bear. In particular, they see the \$500m. a year that Turkey is now paying out across the exchanges for foreign arms as a key factor in its present balance of payments shambles.

NATO officials, whose preoccupation with alliance members usually follows the lines of its recent letter to the British Government deplored that country's latest defence cuts, privately feel the Turks may be making the opposite mistake of overdoing it.

Turkish officials admit that defence expenditure, estimated at \$2.65bn. in 1977-78, takes too high a share (nearly 30 per cent) of the budget. But they see little option but to continue buying heavily abroad, given the denial to Turkey of military aid under the terms of the 1974 U.S.

arms embargo, and increased tensions in Cyprus and in the Aegean with Greece.

NATO officials say they are still trying to persuade the European members of the alliance to plug at least part of the gap caused by the U.S. embargo by selling arms to Turkey on softer terms. So far, only West Germany has played a substantial role in doing so—partly through its official military aid programme (some of which goes to Greece) and through guaranteeing

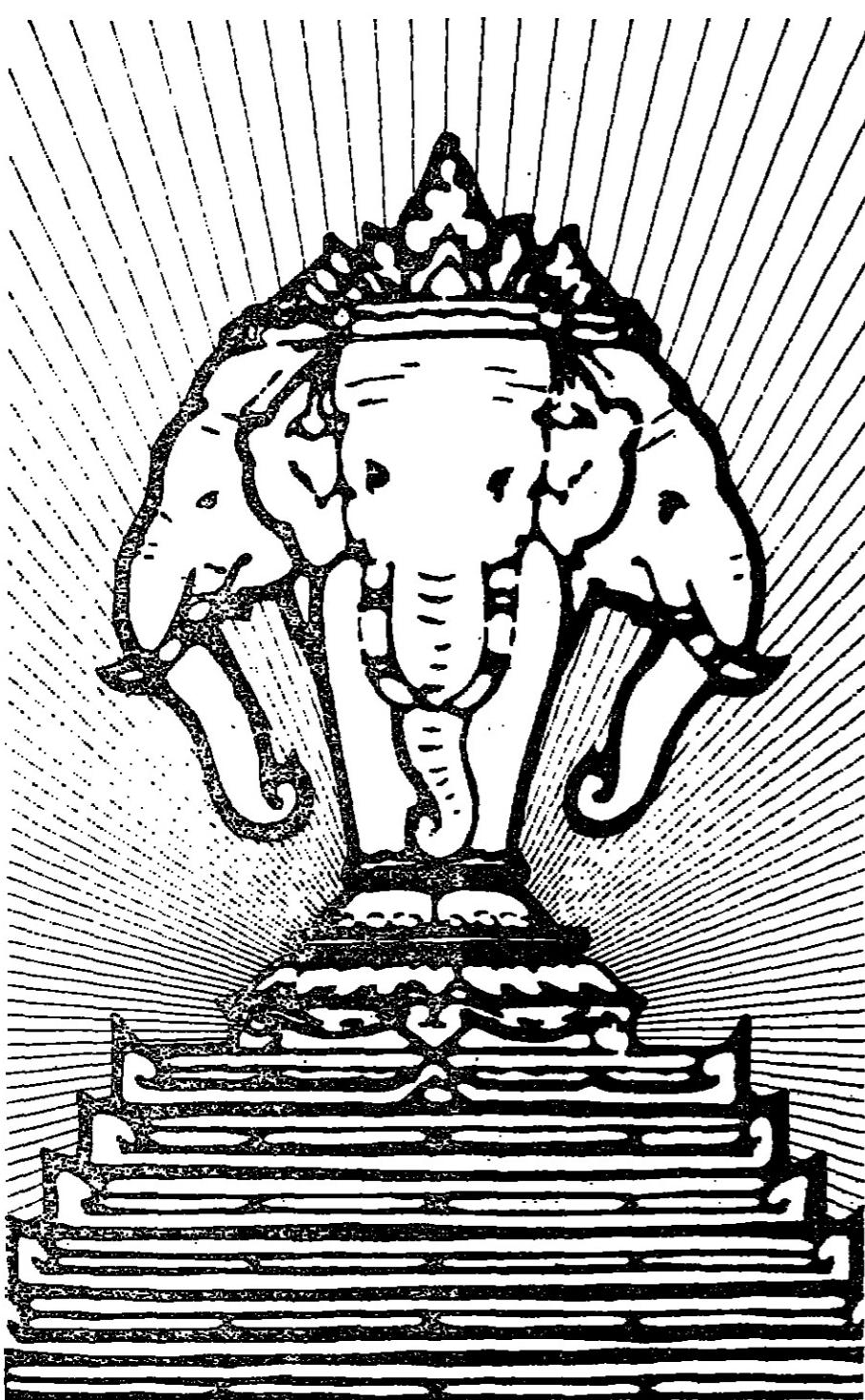
The way we are.

 **VICKERS**
Building on strength.

Vickers Limited Vickers House Millbank Tower Millbank London SW1P 4RA

If you would like information about the 1977 Vickers please write to the Public Relations Department.

What you send to Bangkok is your business. How you send it is ours.



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9 Months.

	Three months ended August 31		Nine months ended August 31	
	1977	1976	1977	1976
AVCO CORPORATION				
REVENUES Financial services		(Thousands of dollars)		(Thousands of dollars)
Products and research	\$206,034	\$183,388	\$ 595,567	\$536,806
Recreation and land development	139,777	132,886	430,792	404,651
	24,784	19,873	69,263	46,988
	\$370,575	\$336,247	\$1,095,822	\$988,445
EARNINGS Financial services				
Products and research	\$ 14,825	\$ 10,651	\$ 44,011	\$ 29,380
Recreation and land development	11,094	11,432	29,249	26,412
	(363)	(3,240)	(2,740)	(10,786)
EARNINGS FROM CONTINUING OPERATIONS				
before unrealized gains (losses) on foreign exchange fluctuations	25,556	18,843	70,520	45,006
UNREALIZED GAINS (LOSSES) ON FOREIGN EXCHANGE FLUCTUATIONS	(6,307)	1,859	(5,962)	9,137
DISCONTINUED OPERATIONS	—	11,958	(400)	32,356
EXTRAORDINARY TAX CREDITS	19,249	32,660	64,158	66,499
NET EARNINGS	2,756	2,800	9,169	8,000
	\$ 22,005	\$ 35,460	\$ 73,327	\$ 94,499
Per common share, primary	\$ 1.60	\$ 2.73	\$ 5.51	\$ 7.14
Per common share, fully diluted	.93	1.52	3.13	4.08

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AMERICAN NEWS

New urban policy sought in U.S.

By David Bell

WASHINGTON, Nov. 7. THE CARTER administration has now begun to grapple with one of the most intractable problems facing it—the seemingly irreversible decline of most of the largest U.S. cities, an accelerating process of decay that defies easy solution.

The President has been under unremitting pressure to propose a major new urban policy which would direct federal money—as much as \$10bn.—into the depressed and seedy central areas of the major cities. But Mr. Carter is temperamentally suspicious of such initiatives, partly because of their cost and partly because, like many other Americans, he has come to doubt their effectiveness.

However, an inter-agency group is now hard at work trying to produce a new urban policy, the cornerstone of which may be an urban development bank with an initial appropriation of perhaps \$2bn. in its first year. The precise role of this bank has been the subject of a bitter debate between the Treasury and the Department of Housing and Urban Development but it will probably be given the task of making loans to central area projects of which commercial banks are suspicious.

These projects will not be "soft"—that is schemes which are of dubious viability—but rather projects which have a good chance of success but just too much risk for the commercial banks. Advocates of the bank concede, however, that there is not an abundance of such schemes to be found and that their overall impact on unemployment in central areas may be minimal.

Indeed the unemployment and illiteracy problem in the centre of cities like Detroit and Philadelphia is awe-inspiring.

One survey last week reckoned that up to 50 per cent of black teenagers in the heart of America's larger cities may be functionally illiterate. Finding a way to reach them, train them, and then employ them may well actually be beyond the capacity of any government agency.

The authors of the proposed Presidential policy fervently hope that this is not the case.

They believe that if the cities are approached in a co-ordinated way—and if the Federal Government acts to correct "the tilt towards the suburbs"—progress can be made. With some bitterness they also claim that the eight years of Republican Government, which has just ended, stopped the earlier urban policy in its tracks and starved it of money just when it was beginning to work.

But there is no sign that the new policy—some details of which have been emerging here these past few days—will go to the heart of the problems. In particular, it appears that it will not address the basic problem, which is that the structure of U.S. local authorities is an anachronism that compounds the problem. The rich suburbs that ring most of America's large cities are quite separate political entities from the cities beside them.

Mr. Carter has campaigned for

The main hope for the

Republican Party is that it will

win both the gubernatorial contests and be able to pin the Democratic defeat on national discontent with President Carter's performance in

the White House.

The off-year elections are in

fact, more "off" than most. Only two governorships are being contested, in New Jersey and Virginia, while there are

mayoral races in eight big

cities, headed by New York.

A number of local referenda

are also on the ballots running

the usual range from poro-

graphy, through conservation to

repeal of local "blue laws" which

inhibit public activities on Sun-

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OVERSEAS NEWS

Peace
in M
iron
dispute

ASSAN WARNS OF PURSUIT INTO ALGERIA

OUR OWN CORRESPONDENT

G. HASSAN of Morocco's new dimension to the war. Hassan said when he warned Algeria last night that he would consider the use of "any force" against rebels who cross the border into Algeria. However, he said there had been a "stunning escalation" in conflict during the previous two weeks, evidently a reference to a comparatively lesser suffered by a former Moroccon paramilitary leader, Mauritania, another North African state.

PROPOSALS for a truce between the two countries were rejected by Hassan, who said they were "not acceptable".

The king also said that he had decided to exercise the right of "punishment" because Polisario guerrillas were now armed with heavier equipment, including artillery and armoured vehicles, and he indicated that he held Algeria responsible for this.

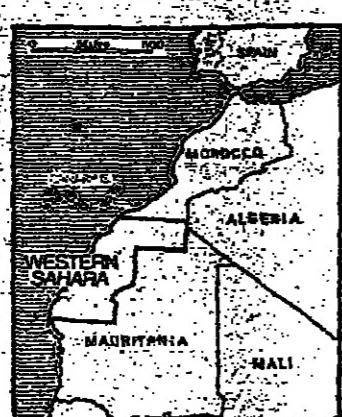
Anti-French march as envoy meets Polisario

IRENE FURNES

NATIONS with France have reached a new low point, the first time since independence in 1962, mass anti-government demonstrations have again broken out through the streets to the Palais de l'Indépendance. Although the banner carried by the protesters, who shouted in support of the Government and the Saharan people, day, M. Claude Cheysson, French envoy, ended 16 days of talks with senior representatives of the Polisario Front without gaining any information on the whereabouts of eight French engineers who appeared in Mauritania last month and are believed to have been kidnapped by members of an Algerian-backed guerrilla group.

Commenting on French backtracking for the two countries which partitioned the colonial territory last year, an Algerian official said: "Algeria is ready for anything and everything." Strong feelings have been aroused here by King Hassan's threat to use big "right to pursue" and also by reassessments of Morocco's claim to Tindouf at the western extremity of Algeria.

Polisario is continuing its deep penetration into Morocco. The Front claims that its fighters have wiped out a garrison 50 miles north of Nador. It is claimed that his mission is concentrated on Mauritania to put a list of demands, taken over by M. Cheysson, has succeeded in obtaining the release of eight French citizens and is preparing to discuss policy of his Government.



ALGIERS, Nov. 7.

The situation here is viewed with gloom. There is the feeling that Algeria and Polisario by delaying strong action have allowed Morocco to build up its military preparations and Mauritania to defend its weak flank with French support. Meanwhile, Polisario's attempt to use the missing engineers to put pressure on the French Government could prove a serious mistake, with grave consequences in both the political and the economic spheres.

In the meantime, Major Abdellah Jatoud, Libyan Prime Minister has visited Paris and Algiers in a bid to defuse the Algerian-French tension. At the same time, he has taken the opportunity to explain the visionary Libyan plan for a Maghreb federation including his own country, Algeria, Tunisia, Morocco, the Western Sahara and Mauritania.

The Soviet Union which has signed an important agreement with Morocco concerning exploitation of the Bou Craa phosphate deposits in West Sahara, now appears to have made a significant shift in favour of Polisario. By saying that "no settlement of the West Saharan question can be made without Polisario," the Soviet Ambassador to Senegal appears to have given an oblique warning that if Western countries intervene the conflict may become "internationalised."

Owen warning on Zimbabwe poll

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

DAVID OWEN, the Foreign Secretary, issued a tough warning yesterday that the current "semi-African" alliance between the African States and Rhodesia could go ahead only if the Western powers—which had been invited to a meeting of all sides as the sole attitude to South Africa—in the end determined which recent UN Security Council resolutions held power in an debate which resulted last week in the imposition of mandatory sanctions against South Africa.

Owen, who was addressing a conference of the Organisation of African Unity, said that "the issues in South Africa were far too serious for point-to-point negotiations." Several States had suggested that Anglo-American initiative tested, for example, that all still "on course," although they did not deny that there were immense difficulties ahead.

He wanted to "destroy the way to get South Africa to sign" that the British Government was insisting on a ceasefire in the non-proliferation treaty, and Britain, though less involved in the debate, had reached a constitutional agreement with Rhodesia.

Mr. Ian Smith, the Rhodesian Premier, claimed that Britain had been

fitting the cart before the horse in that respect.

Owen maintained that agreements for the transitional period, a ceasefire and an independence constitution had to be finalised in parallel and until parties were agreed on the chase as a whole. Britain did not feel in a position to urge the UN Security Council to enact legislation for Rhodesia's independence.

Without compromise on all these, Dr. Owen said he agreed it would be possible, but he was warning that the majority of the division among South Africa's nationalists could be resolved by elections.

One can look at the Anglo-American initiative and believe that it will bring about a settlement, an Anglo-American initiative," he said.

He only way that this could happen would be if the public were united. But, of course, he said, seemed a long shot.

Owen said that he did not see the optimists of some countries that sanctions

if bring the Republic to its knees, Britain would not be a

agent on South Africa, but

an agent on South Africa, but

Hong Kong police crisis eases

THE CRISIS between the Hong Kong Government and its "peace" force appeared to be winding down this evening, Philip Bowring reported from Hong Kong after a meeting between the Police Commissioner, Mr. Brian Slevin and police representatives, most notably spokesmen of the militant Jamie officers. It was stated that any representations should be made by their members through discussion with police headquarters and "certainly not" by public protest gatherings.

This announcement came after an emergency session of the Colony's executive and legislative councils and the passing of a law to empower the Police Commissioner to dismiss summarily any policeman failing to perform his duties.

Israeli warning
ISRAEL will act swiftly to restore order in South Lebanon if there are further attacks like that on Nahariya on Sunday, in which two people were killed, Mr. Ezer Weizman, the Minister of Defense, said during a visit to the Lebanese border yesterday. David Leibow reports from Tel Aviv.

Refugees rejected
THAILAND has towed back to sea boatsloads of new Vietnamese refugees in an attempt to force the United States and other nations to increase acceptance of the refugees, government officials said yesterday. reports UPI.

Philippine casualties

PRESIDENT Ferdinand Marcos of the Philippines said yesterday as many as 50,000 civilians have been killed in fighting between government troops and rebel forces in the Southern Philippines, reports UPI. It was the first time Marcos revealed such a high casualty estimate for civilians.

ON OTHER PAGES

International Company News:

Kvaerner £170m profit

U.S. aluminum prices 34/35

Farming and Raw Materials:

Coffee pact 37

Japan disclaims hidden reserves

BY CHARLES SMITH, FAR EAST EDITOR

AN'S "hidden reserves" are hidden and are not reserves, Finance Ministry argued to its response to reports in an international business magazine that some \$6bn had been salted away in the form of loans to commercial banks.

The Ministry, in essence, claims that deposits of foreign currency are made with commercial banks but declines to state amounts involved, although a spokesman told the Financial Times today that they had not "for a long time." It is pointed out, correctly, that existence of the deposits is not a secret.

In practice of lending foreign currency to the banks was known to the banks and was reported in international and Chinese newspapers before the oil crisis (when Japan's oil reserves stood at what, at the end of last month, had

been their historic peak). More recently there has been occasional coverage of the subject in the Japanese press. In December 1976 the Japan Economic Journal (Nihon Keizai Shimbun) reported a lowering of interest on exchange deposits with foreign banks. The value of these was estimated at around \$5bn, most of it loaned in the form of four-month time deposits and destined for the financing of imports.

The Finance Ministry says that the purpose of depositing foreign currency with commercial banks is to lessen the impact (which is nevertheless very heavy) of Japanese banks on international money markets for short term funds to be used in import finance. Japanese banks had net international liabilities of \$1.7bn at the end of September (assets of \$1.3bn, minus liabilities of 24.7bn).

The borrowing of foreign cur-

rency funds from the government means that net liabilities are lower than would be the case if Japanese banks were wholly reliant on international money markets. The degree of their reliance is not currently a matter of any particular note but it became a serious embarrassment after the oil crisis when the dollar value of Japan's imports increased sharply and the banks had to increase foreign currency borrowing accordingly. It was during this period that the phenomenon of a Japanese rate—a premium rate of interest charged on to Japanese borrowers) appeared on the Euro-dollar market.

The net liability position of the banks in foreign currency derives from the fact that almost the whole of Japan's imports are currently paid for in dollars or other foreign currencies.

INDIA AND BANGLADESH

Taking the Ganges waters on trust

BY MARGARET VAN HATTEM, RECENTLY IN DACCAB

THE RIVER Ganges, like the violent Hindu goddess Kali, is often life-giver and destroyer. Each summer its uncontrolled, monsoon-swollen waters flood large areas of eastern India and Bangladesh. Each winter, the waters recede to a trickle, leaving those who depend on them for irrigation, fishing, transport, trade and industry to struggle along as best they can until the rains start again.

Last weekend, India and Bangladesh finally resolved 25 years of squabbling and signed a five-year agreement on the sharing of these waters, allotting the millions who live on them fixed quotas for the driest months. Once the waters can be stored to regulate the flow, there will be plenty for all; until that time, the quota will be inadequate for all concerned.

Indian Government surveys indicate that a minimum flow of 40,000 cubic feet per second (cusecs) is needed to flush the silt and maintain the present depth—more would be needed to reverse the trend of the past 15 years. Attempts to dredge the river have had only a temporary effect against the constant tidal inflow of silt, and have not been found cost-effective.

The \$200m Farakka Barrage, begun in 1962 and completed in 1966, was built to divert water back into the Bhagirathi, a move which brought to a head the long-simmering conflict between India and what had been East Pakistan, now Bangladesh.

The flow of the Ganges varies between more than 2m cusecs in the wetter months to around 55,000 in the driest. Bangladesh's primary call on the waters is to irrigate about 20,000 square miles of land on which about a third of the country's 80m people depend for their rice. It

full a draught of 26 feet to load a full 16,000-ton cargo. Fifteen years ago they could rely on this for about 280 days in a year. To-day, shippers estimate withdrawal of 40,000 cusecs at Farakka during the crucial last 50 days—about 12 months a year. The figure is down to less than 50 days—about 12 months a year. The flow of the Ganges varies between more than 2m cusecs in the wetter months to around 55,000 in the driest. Bangladesh's primary call on the waters is to irrigate about 20,000 square miles of land on which about a third of the country's 80m people depend for their rice. It

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WORLD TRADE NEWS

Pressures within OPEC for increase in oil prices

BY OUR FOREIGN STAFF

FINANCIAL experts from 13 countries are divided over part of 1978's "the authoritative members of the Organisation of Petroleum Exporting Countries and others demanding increases," MEES points out that even met to-day at their headquarters of up to 15 per cent. Saudi Arabia, the most recent for preliminary discussions on fixing 1978 petroleum prices.

Officials said that the OPEC Economic Commission is preparing recommendations for oil ministers to consider at a price-fixing conference in Caracas, Venezuela, December 20.

OPEC's economic commission is an advisory body which usually meets before ministerial conferences in assemble statistical data needed for pricing decisions.

OPEC's basic oil price now averages \$12.70 a barrel. The price was frozen last summer, and oil ministers said it would be reviewed before January 1 next year.

In Kuwait, a senior oil official was quoted as saying that OPEC

is aiming for a moderate seeking to the Kuwait newspaper Al-Watan, maintain the real value of its oil.

Mr. Tarek Abdal Karim, Iraq's Petroleum Minister, has made it clear that his Government will take a hard line at next month's Survey reports that OPEC is scheduled pricing policy of the

Organisation of Petroleum Exporters to reject U.S. calls for an oil-price freeze at its policy meeting in Caracas late next month. It predicts an increase severely suffered from inflation for 1978 of at least 5 per cent. In industrialised countries as over this year's crude prices, "as well as from the sinking dollar."

"It has already become quite clear that there is no hope of," according to Mr. Sylwester, "Accordingly, we feel that even the most moderate OPEC prices must be raised to offset

producer heading the U.S. call this deterioration in the purchase power of a price freeze through all or part of our (oil) revenues."

VIENNA, Nov. 7.

Japan urge action on problems in shipbuilding

TOKYO, Nov. 7.

JAPAN today called for international co-operation to overcome serious problems in the world's shipbuilding industry such as the closing of yards

in working hours.

Mr. Morio Motono, director general of the Foreign Ministry's Economic Co-operation and Development Bureau, said the importance of international co-operation, as well as efforts by individual countries, cannot be over-emphasised.

Mr. Motono, who was opening a meeting of 14 major shipping nations and members of the Organisation for Economic Co-operation and Development (OECD),

said: "We must work together to keep on shipbuilding advances made by third countries, such as South Korea and Yugoslavia."

The three-day working party meeting was expected to focus on building policies of OECD nations and measures

to deal with imports being made by smaller nations.

Foreign Ministry said.

Arab-European business increase move

By Our Own Correspondent

TUNIS, Nov. 7.

THE Arab-European Business Corporation Committee has ended its two-day meeting in Tunis, marking a further step in providing conditions for trade between Britain, Switzerland and other European financiers and the Arab bankers.

The Arab-European Business Corporation Committee had

start in October 1976 at the meeting of the Arab-European Business Corporation Symposium in Switzerland, to create a network of contacts for co-operation between the Arab world and European businessmen.

Great Britain is represented by a number of banks, including the Midland Bank, the British Bank of the Middle East, Barclays Bank International, Sharjah Investment Group and others. It also includes Swiss, Belgian, French and Greek banks.

The Arab wing of the committee consists of Egypt, Kuwait, Sudan, Morocco, Tunisia, Mauritania, Saudi Arabia and the Emirates.

Prof. Zuhayr Mikdash, a secretary-general of the committee, explained that it provides an opportunity to plan and discuss mutually beneficial projects. The committee is also to gather information relating to investment, loans and exchanges in Arab and European countries.

Prof. Mikdash added that the major preoccupation of committee members will be to plan and prepare the biennial symposium which will cover all major areas of business and economic co-operation in Europe and the Arab world.

The committee came into being through the European Management Forum in Geneva, a non-profit foundation under the legal supervision of the Swiss Federal Government, which has been fostering contacts between leading European businessmen in the past eight years.

Suez Canal loan

Japan will extend a \$2.5bn loan to Egypt to help finance the Suez Canal expansion project, the Japanese Foreign Ministry said.

The loan, to be extended by the Government-financed Overseas Economic Co-operation, will be repayable over 25 years, including a seven-year grace period with an annual interest of 3.1 per cent.

Irish credit

The Export Credit Guarantee Department has guaranteed a \$3m. line of credit which Hill Samuel, acting on behalf of a syndicate of banks, has made available to the Electricity Supply Board, Irish Republic.

The loan will enable Irish firms to place contracts in the

Pressure on India to buy ships

By K. K. SHARMA

NEW DELHI, Nov. 7.

INDIA is under pressure from Britain for purchase of six cargo ships worth £52m. so that surplus capacity in British shipyards is used.

This follows talks between India's Shipping and Transport Minister, Mr. Chand Ram, and Britain's Overseas Development Minister, Mrs. Judith Hart, in London.

Mr. Ram is on a tour of Europe to find the best and most economical shipyards in Europe to place large orders to increase the fleet of the Shipping Corporation of India.

Mr. Hart has pointed out that orders on British shipyards as well as purchase of old vessels can be financed from the £144m. committed to add to Indian tonnage.

While this means India will get the ships virtually as a gift, it would mean using British aid for what is left are relatively expensive ships since Japanese tonnage for an 18,000-ton freighter is only \$13m. against the British bid of \$15m.

India would prefer to use

British aid for items which are competitive in world markets made only after Mr. Ram's visit although Mrs. Hart is reported to other European countries and has said that the price difference after Japanese bids are taken into account.

Talks have been held with heavy investment from its own Sunderland shipyards on foreign exchange reserves to deliver schedules and other increase shipping tonnage.

Coal exports for Ireland

By Our Own Correspondent

NEW DELHI, Nov. 7.

INDIA has concluded a contract push ahead with the drive to for shipment of coal to Ireland increase coal exports to Europe, beginning with a trial export. The tentative target for the cargo of 20,000 tonnes for use in thermal plants.

After this, further orders are made to France, Belgium, expected. The contract has been signed by Denmark, West Germany, and Germany and efforts will be made to sign with the Minerals Testing Corporation and to win more orders based on

the Royal Irish Food Corporation's initial supplies.

With improvement of production to be tapped are fluctuations in Indian collieries following eastern markets in Taiwan, better availability of explosives Japan, South Korea and the Philippines, talks with which through imports and from local units, plans have been revived to have been held.

Carter to speak on energy plan

WASHINGTON, Nov. 7.

PRESIDENT CARTER, who has postponed a nine-month tour indefinitely to concentrate on getting legislation on energy through Congress, will speak to the nation tomorrow night on his energy package.

The president noted foreign governments during the weekend that he was postponing indefinitely his 12-day, 24,000-mile tour because of his energy programme, which is now under a severe test in Congress.

Administration sources said that Mr. Carter, with the tour postponed, plans to send Congress the remainder of his domestic priorities within the next few months, as follows:

Tax reform early in the 1978 session, probably in January.

Urban policy by March 15.

UPI

JACOBS' ENGINEERING Group is financing package for the Pasadena, California, has won project, which would open the the contract for the design and way to issuing three major international construction supervision of the national tenders.

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These would cover the townships at the remote site, the 85 kilometres of required dykes and allied civil works, and the refinery. It is anticipated by Potash Company officials that the tenders will be issued during the first and second quarters of next year.

Meanwhile, Far Eastern companies have continued their penetration into the heavily western-oriented Jordanian market with the signing of a Japanese company's second telecommunication contract this year.

Nishio-Iwai of Japan has won a \$5m. contract to supply and install 8,000 telephone lines and several automatic exchanges mostly in the Amman region.

This is the second such contract for Nishio-Iwai, which

contract for Nishio-Iwai, which

here early in January to finalise mid-1978.

Rail order

Mitsubishi Electric said it has won with Commonwealth Engineering of Australia a \$25m. company, which is responsible for signed a similar but larger \$25m. contract to build locomotives and

the project will meet Arab contract in May this year. Both coaches for New South Wales International credit agencies contracts are to be completed by Public Transport Commission.

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here early in January to finalise mid-1978.

Saudi causeway cost put at \$800m.

BAHRAYN, Nov. 8.

Present estimates put construction time at four-and-a-half years.

Dr. Al Saloum was speaking to delegates at an international conference on Marine Technology yesterday.

The estimated cost of the causeway, which has been put as

high as \$800m., makes it one of

the largest projects in the

Arabian peninsula, and it is one

in which world contractors have shown much interest.

The financing of the 25-kilometre causeway will be com-

pletely borne by Saudi Arabia.

Present estimates put construction time at four-and-a-half years.

The names of many contractors

are being mentioned as possible

candidates for the contract.

In particular, that of the South

and the Gulf, which has been

Koreans, Hyundai Construction

Company, which recently com-

pleted the \$340m. Arab Ship

Repair Yard drydock in Bahrain

and which is currently working

on the construction of the Saudi

causeway, to incorporate a port of Jeddah. Informed sources

number of bridges to allow the passage of ships, started in July and will be awarded on a turn-

this year, although technical and key basis.

Hong Kong fights back on EEC delays

BY PHILIP BOWRING IN HONG KONG

THE ATTACK on Hong Kong by Mr. Tran van Thinh, EEC's chief textile protection negotiator at a press conference held in Brussels on Friday has given rise to a storm of protest from Hong Kong officials and trade leaders.

Strength of reaction here to the charges made by Tran has been

astonishing.

If Hong Kong had been an independent state, Mr. Tran van

Thinh's remarks were, it is suggested, of a nature that

would lead to envoys being recalled for consultation. The

Deputy Director, Hong Kong's

Department of Trade, Industry and Customs, Mr. Bill Dorward,

himself a veteran of many years

of textile negotiations, said that he had,

"never seen anything like it. It is incredible the

middle of complex negotiations

to call a press conference to make

provocative statements intended

to intimidate the other party."

Such a description came as

little surprise to observers here

who recollect Mr. Tran's press

conference during a visit here

three months ago, when he

spoke soothingly of 5 per cent.

growth at a time when it was up its own obligations under the

EEC GATT.

It is now being asked here

whether there is any point of

revising the quota to more

favoured or less competitive

countries.

At his Brussels press conference, Mr. Tran van Thinh, regarded as a untried negotiator, adopted a delaying tactic.

He accused Hong Kong of

delaying the start of EEC

negotiations.

Finally, he accepted the

EEC's offer for starting talks with

Hong Kong, and this was agreed.

Then the EEC again suddenly delayed the start. When EEC

proposals were finally presented

they were expressed in the EEC's



Like the time one of our representatives showed a harassed businessman the way out of Glasgow. He literally got into his own car, and with the man following in his Avis car, guided him to the outskirts of the city.

Like the time a visiting American left an expensive camera and 10 rolls of used film in an Avis car at Dover. Our staff there made sure it was delivered to London the

next day, thereby rescuing some expensive equipment and lots of memories.

Like the way we check every car before each rental.

Like the fact that we have more cars at more airports than anyone else.

Like our famous one-day, one-way rental service.

At Avis, we really do try harder.

No one tries harder than AVIS.

AVIS

We rent Chrysler and other fine cars.

November
Financial Times Tuesday November 8 1977
Japan
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By Our Own Co

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raise
funder
s correspondents

HOME NEWS

Fisons expected to seek fertilisers price rise

KEVIN DUNE, CHEMICALS CORRESPONDENT

CAR SURGE
PREDICATION

Fisons has been partly established from the impact of the Pids' decision because it says the move would be the first reaction by hard-pressed fertiliser manufacturers to the reduction of Imperial Chemical Industries' controversial long-term supply contract.

CAR SAIGON

After gas bought by ICI, this contract is used in the picture of ammonia, the raw material used in the production of nitrogen fertilisers. A 15-year contract was signed in 1968 and allowed ICI to increase its price for ammonia at a rate far above the world market price. This has given it a virtual monopoly on domestic fertiliser markets.

The result of negotiations between ICI and the Pids' will continue until 1984, but the contract will be reduced to a year's notice to terminate.

Mr. Dune said: "It would be an early notification to the Commission to raise fertiliser prices."

In another development which could trigger for which fertiliser manufacturers have been waiting. In the past, the severe competitive position in the market has forced some of the smaller manufacturers out of business, such as Albright and Wilson, who have made a loss on their fertiliser operations.

Stiffer drink rules hint by Ennals

STUART ALEXANDER

DUGHER Government action to drinking and drink sales hinted at yesterday by Mr. Ennals, Health and Social Services Secretary.

Ennals said that random breath tests with a lower alcohol limit, and the possibility of a warning on bottles of beer, were all being considered. He was launching a £170,000 rising campaign against drink abuse in the north-east. He said: "We are facing a drink problem here. The figures are that the problem is getting worse year by year."

He told his audience in Newcastle upon Tyne that the ban on sale of beer by 50 cent in the last 20 years, importation of spirits by 300 per cent and wine by 400 per cent, and a further 500,000 available to Action on Smoking and Health, the anti-smoking pressure group, to send money under the influence of drink or drugs had doubled in the last seven years.

All to keep up training of environment experts

FINANCIAL TIMES REPORTER

IN recruitment and training of environmental health officers leads to recruit in future. Mr. Eric Wake, president of the Association of Health Officers' Association, said yesterday:

told the association's conference at Hartgate, the present and future restrictions and statutory control which may be a temptation to environmental legislation and planning, such as a short-term approach to setting aside land for industrial sites, that will be causing demands for the review and improvement of the moment.

Successive governments had been in place, legislation of what placed heavy

NP plans break up royal estates

ROYAL扁扁 would be sold to set large amounts of Scottish estates under Scottish National Party's policy for an independent land, which was published today.

Large estate owners in an independent Scotland would have to sell their land either to the tenants or the Land Commission, whose job it would be to implement the new policy, said Miss Isobel Lindsay, vice-chairman for policy.

Owners of large estates would be prohibited from acquiring more land and would not be allowed to bequeath it.

GENERATING SETS BRAND NEW FROM THE MANUFACTURER

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Answerback Genset G1

BRITISH
RSA DAY

Private house building improvement continues

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A CONTINUING improvement in the freer availability of mortgagable houses, lower interest rates and growth in incomes" According to the council's calculations 130,000 private homes

Land prices appeared to be rising again, a sure sign of some 5,000 from the figure it foretold by the National House-builders' Council.

According to the council, the consumer housing for private housing contractors started building plots had recently fetched extremely high prices private completions to reach

Availability of suitable development land was becoming a last year.

In the first eight months of this year, according to the Food Freezer and Refrigerator Council, deliveries to the home market were 10 per cent lower than in the same period of 1976 at a total of 88,502 units.

A total of nearly 20,000 domestic refrigerators was exported to overseas markets in August, valued at £1.2m, and during the first eight months of the year 163,906 units were exported, valued at more than £10.5m.

In the freezer sector, 43,798 units were delivered to the home market in August—25 per cent.

By contrast, there was a further increase in demand for fridges-freezers during August with deliveries to the home market, at 38,683, 49 per cent.

During the eight-month period deliveries, at 402,691, were 48 per cent above the level of the same period in 1976.

Exports of fridges-freezers during the first eight months of this year amounted to 14,734 units, were valued at £1.4m.

Council homes 'can still have electric heating'

BY OUR BUILDING CORRESPONDENT

ELECTRIC HEATING systems off-peak rates, particularly for water heating.

The working party has been assured by the Electricity Council that off-peak tariffs will continue to operate for new installations and those already in use.

The first energy Note emphasises that electric heating should never be used to save capital costs.

Capital cost is generally lower than for other heating systems, but any money saved in this way should be spent on higher standards of insulation and other measures to reduce heat loss.

The council said that the encouraging trend reflected the return of some confidence to the private house building sector, although it remained cautious about the prospects for next year.

"The results for the winter months ahead should give a better picture of whether extremely important to use electric heating whenever possible at London SE1 TFR 30pp

Fisons has been partly established from the impact of the Pids' decision because it says the move would be the first reaction by hard-pressed fertiliser manufacturers to the reduction of Imperial Chemical Industries' controversial long-term supply contract.

The company has not yet been asked by ICI to renegotiate its ammonia supply contract, which was geared to the cost of ICI's gas supplies.

Fisons could seek general increases of about 10 per cent in its prices for nitrogen fertilisers, but the Pids' has already given it a slight edge over domestic fertiliser markets.

Fisons has already had two fertiliser price rises this year, in June and January. The last averaged 6 per cent, but was considerably higher for nitrogen fertilisers. ICI prices for nitrogen fertilisers have also risen about 20 per cent this year in two stages. Increases often take a few months to work their way through to the market as many farmers stock up when increases are imminent.

In another development Fisons is planning to increase its ammonia storage facilities by expanding its base at Immingham. Some years ago, it decided against investing in its own ammonia plant. It now buys ammonia from ICI—it takes the entire output of ICI's 180,000-ton a year plant at Immingham—and buys the rest on world markets.

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we went on care and maintenance six months ago, we did not lose one single hour of work through argument or dispute. I expect our excellent relationship with the unions will mean work for the next twelve months," Mr. Munro said.

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PARLIAMENT and POLITICS

Grunwick: Police have my full confidence, says Rees

BY IVOR OWEN, PARLIAMENTARY STAFF

ANOTHER DECLARATION of Goodhew argued that the Left people, both non-violent and violent, those who were violent, were handling the difficult situation created by the latest police methods which could damage either to passers-by or to the police.

Mr. Rees retorted: "I say again that the police have my full confidence and the confidence of the Government. I repudiate anybody who denies that."

The Home Secretary emphasised that he had no sympathy with an employer who had reluctantly refused to abide by the normal process of arbitration nor with those who had latched on to the dispute as an excuse for using violence against the police.

But, in angry exchanges, Mr. Rees refused to be drawn into repudiating Mr. Martin Flannery (Lab., Hillsborough) who was said by Mr. Victor Goodhew (C. St. Albans) to have stated in a radio interview that the police were responsible for the trouble. Calling on the Home Secretary in high regard at the degree of disown Mr. Flannery, Mr. Rees said that the police had been appalled—

as a person who holds the police violence they exhibited to many

Replying to interjections from the opposition benches, Mr. Marshall said that the leaders had been seen as weapons. He urged the Home Secretary to order a public inquiry into what had taken place.

Mr. Rees said the police had a most difficult job. They had to seek to protect those who wished to picket peacefully and those who wished to go to work.

The Home Secretary had recently approved a new procedure for dealing complaints against the police which included an independent element and it should be used. He recommended Mr. Marshall to take any complaints he had against the police direct "peaceful picketing."

Replying to interjections from the Chief Commissioner.

Mr. Philip Whitehead (Lab., Derby, N.) claimed that the strike by Britain's 32,000 firemen

begins next Monday was given by

Mr. Merlyn Rees, Home Secre-

tary.

He told MPs: "We already

have put in hand arrangements

to protect our cities as far as

possible."

"If the strike comes off, the

Government will have no alter-

native but to use all possible

methods to protect people's lives

if necessary, troops may need

to be used."

The Home Secretary reaffirmed

that any settlement of the fire-

men's claim must conform with

the 10 per cent overall guideline

laid down in the Government's

pay policy.

He spoke sympathetically about

the firemen's long-standing claim

for a reduction in their 48-hour

week, but pointed out that it

would not be practicable to intro-

duce the changes desired before

the autumn of next year.

Mr. Rees welcomed the position

of the National Joint Council

which, he said, was trying to

achieve the firemen's claim

through the proper negotiated

procedures.

Secrets Act reform demanded

BY RUPERT CORNWELL, LOBBY STAFF

MPs OF ALL parties will move a motion which it is hoped will attract the signature of even more than the 150 MPs who supported the Freedom of Information Campaign, claims the all-party Freedom of Information Bill, guaranteeing the public greater access to Whitehall secrets.

The campaign was launched yesterday as a direct riposte to the failure of the Queen's Speech denouncing the present Act. This will be followed up by persistent questioning of Ministers involved—especially Mr. Merlin Rees, Home Secretary—

It has, however, been greatly alarmed by the "drafting" problem cited as an excuse for the delay of legislation. The campaign concedes that these exist but believes the phrase is also little more than a euphemism for a stalling operation by

Section 2. This makes disclosure of any official information an offence.

The first step will be a

Mr. Kenneth Warren, Tory MP for Hastings and the campaign's chairman, said yesterday that the all-party Freedom of Information Bill, guaranteeing the public greater access to Whitehall secrets.

This provision is wholly accepted by the Freedom of Information Campaign.

It would shift the onus firmly on to Departments themselves, by requiring every citizen a "right to know" within limits that would respect personal privacy, commercial secrets and obviously confidential defence and foreign policy matters.

THE GOVERNMENT will not get involved in any discussions about implementing the coal miners' productivity scheme in areas which are in favour of it, Mr. Anthony Wedgwood-Benn, Energy Secretary, said yesterday.

In a Commons written reply,

he told Mr. Peter Rost (C. Derbyshire SE) that this was a matter for the National Coal Board and the unions.

Miners: Talks ruled out

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he told Mr. Peter Rost (C. Derbyshire SE) that this was a matter for the National Coal Board and the unions.

Kitson loses Labour committee post

BY PHILIP RAWSTORNE

MR. ALEX KITSON, the transport union official and member of Labour's national executive whose criticisms of Britain in a Moscow speech at the weekend caused angry political protests, yesterday lost his post as chairman of the Party's organisation committee.

Mr. Kitson, who is due to return from Russia today, was not re-nominated for the position.

Left-wingers on the committee nominated former Industry Minister, Mr. Eric Heffer, but he was surprisingly defeated by Mr. Brian Stanley, the moderate leader of the Post Office engineers by four votes in three.

Several Left-wing members of the committee were absent from the meeting.

Mr. Kitson, who is visiting Moscow as representative of the Scottish TUC and of the Labour Party at the 50th anniversary celebrations of the October Revolution, was angrily attacked yesterday by both Conservative and Labour MPs.

In a speech, reprinted in

Export credit sanctions attacked by MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT faced the Ford wage settlement yesterday over its policy of refusing applications for export credit guarantees to companies which have breached its voluntary 10 per cent pay code.

But Mr. Edmund Dell, Trade Secretary, stood his ground and made it clear that the Government is prepared if necessary to continue to use the Export Guarantees Act to enforce moderate wage settlements.

The Government is doing everything it can to ensure that the pay guidelines are successful and it will continue to do so," he told his critics.

Labour and Conservative MPs accused him of using the Act to victimise smaller companies who make awards in excess of 10 per cent, while turning a blind eye to tolerate the rubbish it comes out with. His Soviet idols would have clapped him in a labour camp years ago."

Sir Ian Gilmore, Tory defence spokesman, said that Mr. Kitson's speech had been a "stark demonstration" of the Labour Party's drift to the left.

Comfortable win likely

BY RUPERT CORNWELL

THE GOVERNMENT is set to propose long-term business confidence, reduce unemployment and "create prosperity" in which all can share." As such, it is an oblique compliment to the Liberals on their success in keeping controversial measures out of the programme, as well as a sign of the increasing proximity of a general election.

Just how little the new legislative programme offers the Opposition is clear on its face. Although the Government is reflected in the vague wording of an overall minority of five, it merely reflects the absence of under the renewed pact.

Concorde flight confidence

CONCORDE WILL make its inaugural flight to New York on November 22. Mr. Clinton Davies, Trade Under-Secretary, said in the Commons yesterday. He was confident of this and knew of no moves to thwart it.

Mr. Nott said there was no question of abusing the Act. It was clear that judgment of the powers against small and medium sized companies but where a larger institution was involved—public or private—it settled a blind eye.

Support for the Government's stand did come, however, from Mr. John Pardoe, Liberal economic spokesman.

The Government is using per-

fectly legal sanctions, he argued.

"If anyone in this House cares

to see the rate of inflation, Trade Under-Secretary, said in

the Commons yesterday. He was

confident of this and knew of no moves to thwart it.

On present figures, this was

going to be difficult to achieve.

He had impressed upon the Japanese Ambassador the

importers of the situation.

Mr. Dell also said that British

exporters to Japan faced barriers

which made it difficult to penetrate the Japanese market, not

least for cars.

It was vital that the Japanese

understanding had been reached

brought their trading account

into balance. Otherwise, whether

from this country, Europe or America, there would be a

dispute which started with a

claim by some staff for "discon-

funt and dirt allowances."

A claim for 10 per cent more

by some maintenance engineers

in periods when their work is

hampered by renovation work

has been rejected as too high.

@ THE BBC and union officials

who have been pressing for wage

rises substantially above the

Corporation's 10 per cent pay

offer are to re-open talks this

week.

It appears likely that industrial

action by members of the Asso-

ciation of Broadcast Staff, BBC's

principal union in the BBC, will

again be suspended.

ACAS puts its case to Lords

BY NICK GARNETT, LABOUR STAFF

MEETING between shipowners and union officials representing Merchant Navy officers who are being balloted on strike action for a wage claim is due to morrow to discuss productivity deal.

The meeting follows suggestions from the Department of Employment that both sides

should consider productivity payments.

One shipping company, Canadian Pacific, has made a

Phase Two rises backdated to June 1 for 700 officers, with

officers felt it was less co-

operative.

The company was ex-

pecting a better fringe benefits

from October 1.

The total package, including

Phase Two increases, would

be vulnerable if it could not

be negotiated.

Mr. John Newman, the chief negotiator, said the unions

representing officers

see no reason why a similar

line could not be

negotiated throughout the industry.

The scheme is based on

the result of the association's planned savings resulting

in fewer officers that

it springs from the shipowners' agreed complement; dif-

fering working practices; and pay

for added responsibility.

There are better leave ar-

rangements for some senior

and consolidation of paym-

ents on a world wide basis for "a

time."

Canadian Pacific said it

negotiated the deal because

officers felt it was less co-

operative.

The Merchant Navy and Air-

line Officers' Association, by far

the biggest union among the

officers, believes that produc-

tivity levels of the Canadian Pacific

GRID CONFERENCE OPENS TO-DAY

Association aircraft made only £220m. net profit last year

109 member-airlines of the International Air Transport Association collectively earned a net profit of only about \$400m. (£220m.) last year.

This was the best result since it was only equivalent to a cent return on operating costs, well short of the 12 per cent considered reasonable by the airlines and their governments.

KHAILO DUNN, Aerospace correspondent, reports:

Airlines to meet their tax, taxation and re-equipment obligations.

Knut Hammarskjold, general director of the International Air Transport Association, disclosed this in annual report on the world airline industry to be presented at the association's annual meeting opening in Madrid to-day.

Year revenues fell short of target by \$1.3bn. (over £700m.) and since 1968, the airline sport had been \$1.6bn. (over £700m.), he said.

His historic inadequate will present serious problems for the industry in the ahead, when huge investments in aircraft and ancillary equipment for replacement and will be required.

These results have not only concerned the way in which some governments force on their airlines fares policies that run counter to the interests of the rest of the world airline industry.

Consumer

"Non-IATA airlines, whether designated or charter, for example, are destined to have only the consumer interest at heart," while association members are accused of forming an anti-competitive, predatory cartel to take advantage of the consumer.

"Facts are being conveniently and almost deliberately overlooked and replaced by rhetoric, half-truth and dogma—certainly not in the consumer interest, but damaging to the reputation of IATA airlines and of the association.

This was made worse when expressed at the highest levels (about \$700m. more than population) in recent years, the own plans for services which face stiff competition with the scheduled other industries for the airlines.

Airline industry's fighting for its survival

WORLD airline industry association has been under continuing for its economic survival considerable strain in the past few years. The oil crisis and subsequent 109 member-airlines of the quiet economic recession have caused the world's airlines substantial losses.

Weeks are aware that in 1976 the 109 association could see sweeping members earned a collective net losses in the years immediately preceding a profit of \$400m. (£220m.).

Against this background of losses the airlines are obliged to buy new aircraft for the and beyond. Mr. Hammarskjold estimates that the total needs of all association members up to 1986 will amount to over \$700m. (more than population).

Given their poor financial others, to help promote the performance in recent years the own plans for services which face stiff competition with the scheduled other industries for the airlines.

Knut Hammarskjold, general director, has put it: "The

industry is 'poised on a knife edge'.

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A danger existed that governments could change the whole pattern of world air transport by encouraging a wholesale shift away from scheduled airlines to charters.

The scheduled airlines were therefore entitled to ask how far this development would be allowed to go.

The international airlines must know what the rules of the game are. If airlines are to be economically viable, and if public service is to be maintained, a measure of stability must also be guaranteed when the rules are established.

"The forces of stability and order on the one hand, and laissez-faire on the other, have been confronting each other. The operators are caught in the middle, and may have to reassess fundamental questions regarding their own basic operating patterns."

The industry is poised on the edge of an abyss of regulatory uncertainty."

The association is deeply concerned about the way in which some governments force on their airlines fares policies that run counter to the interests of the rest of the world airline industry.

Essential

"This is not only essential for planning purposes, but also for

government level."

Mr. Adam Thomson, chairman of British Caledonian Airways,

could they properly adapt their practices to meet the government's own requirements, and provide the forum within which routes.

The airlines could continue to serve and respond to consumer demand.

"In the struggle for a new order, there have also been loud and important voices raised against IATA, seeing the association in one way or another as a barrier to particular interests and requirements."

"The value of 30 years' airline co-operation is often overlooked amid the rhetoric of public debate. As in the past, our practices and procedures will be adapted to meet the requirements of airline users and of government regulators."

"Such adaptation can only take place when the rules of the game are settled in common at government level."

Mr. Adam Thomson, chairman of British Caledonian Airways,

for the Authority to take the guards employed by private companies into its own workforce to provide common standards.

The move was first mooted in the spring. The authority has already taken over the employment of about 50 people, many of them at Gatwick. Others on the authority's payroll act as gatekeepers at airports such as Heathrow and Prest-

wick and as terminal patrolmen.

It is expected to take about 18 months before the whole force of security men—first introduced at British airports after a small aircraft was hijacked in Manchester in early 1975—will be on the authority's payroll.

Security services will cost about £18m. next year.

THE BRITISH Airports Authority is stepping up a move to bring all airport security guards under its own control—the cost will be met from the 80p anti-hijack levy to be imposed on all air passengers. The security force would number about 1,500.

At present, airlines at some airports employ outside security firms for body and baggage searches. The aim is

to have independent suspension all round and servo-assisted disc braking on all four wheels. A full array of instruments, including electronic rev counter, oil pressure and early warning systems for low brake fluid level and disc pad wear.

You can have five adults in luxury, with fitted carpets, thick padding and sound insulation and separate heating and ventilating controls for rear passengers.

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*Prices include VAT at 8% and car tax, inertia reel seat belts and delivery charges (UK mainland), but exclude number plates.

Prices* of other Lancia ranges start at: Beta Coupes - £3,645.38; Beta Spyders - £4,725.29; Beta HP (High Performance Estate) - £4,785.30. The Beta Monte-Carlo costs £5,927.22.

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Bath: J. G. Smith & Son.

Tel: 01 594 4561

Basingstoke: Clover Leaf Cars.

Tel: 0256 3896

Berwick-upon-Tweed: M. Pritchard Motors.

Tel: 01 624 1481

Bingley: Jowett Motors.

Tel: 067 66 3556

Birmingham: Colmore Depot.

Tel: 01 293 4063

Bristol: Bristol Sports Cars (UK).

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Bolton: Parkers of Bolton.

Tel: 020 51312

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Bristol: Continental Cars (UK).

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Directors: S. Borsook (British) (Chairman and Managing Director); K. Gross; J. Mincer; L. Mincer; D. H. Shapiro; N. Werleman.

Saker's Finance and Investment Corporation Limited

Interim report

A comparison of new vehicle sales by dealers in the Republic for the six months ended 30 September 1977, with those for the same period of 1976, shows a continued decline of 15.5%. In the circumstances, the results for the first six months of the current financial year show a reasonable improvement over those for the corresponding period of last year. As was indicated in the last annual report of Saficon Investments Limited which was circulated to shareholders of Saker's Finance and Investment Corporation Limited, this has been assisted by the introduction of new passenger car models by Mercedes-Benz and Volkswagen, and material savings in interest charges and operating costs.

The Group's liquidity has continued to improve from the already satisfactory position at 31 March 1977, and it is expected that this trend will continue. Management's attention has now been concentrated on improving the return on assets employed and there has been satisfactory result in this regard in certain of the Group's operations.

The outlook for the motor industry during the second half of the financial year shows no sign of improvement and it is expected that new vehicle sales will continue at their current low level. As Saficon Investments Limited has not declared an interim dividend, your board is not in a position, at this stage, to consider the declaration of a dividend. However, Saficon Investments Limited has indicated that provided the improvements of the first six months are maintained, it should be possible for that company to declare a final dividend of 5 cents per share. If this happens, your company will then be able to pay a dividend of 4.25 cents per share.

Unaudited consolidated group profit

	Six months ended 30 September		Year ended 31 March 1977	
	1977 R'000	1976 R'000	Change	R'000
Turnover	57 455	62 465	-5	117 349
Net operating profit before tax and interest	1 735	1 768	-2	3 433
Less: Tax	748	815	-8	1 586
	987	954	-3	1 837
Add: Net attributable earnings	105	138	-24	210
Net profit after tax before interest	1 082	1 092	-1	2 047
Less: Interest after tax	578	601	-23	1 319
Interest	1 015	1 783	-768	2 465
Tax	437	581	-144	1 146
	514	400	+29	728
Less: Outside shareholders' interest and preference dividends	215	176	+39	220
Earnings for ordinary shareholders	R298	R224	+74	R408
Number of ordinary shares in issue	4 767 030	4 787 030	-20	4 787 030
Per ordinary share Earned (cents)	6.25	4.70	+1.55	5.52
Percentage of Saficon Investments Limited shares held	67.7	65.5	+2.2%	66.4

For and on behalf of the board

S. Borsook | Director

J. Mincer | Director

By order of the board
Saker's Management
Company
(Proprietary) Limited
Shareholders
Per: P. R. Glendinning

31 October 1977

Registered office
11th floor
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Madison Street
Johannesburg
2001

Transfer secretaries
South Africa
Security Registrars
(Pronosar) Limited
16th floor
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WESTINGHOUSE URANIUM ACTIONS

RTZ stands in the shade

Financial Times Tuesday November 8 1977

BY PAUL CHEESERIDGE

"The complaint by Westinghouse is that this cartel had an effect in the U.S. and was aimed at injuring Westinghouse quite deliberately," Mr. John Vinelott, Q.C., counsel for Westinghouse, said.

Westinghouse rejects claims about the nature of the cartel. Mr. Vinelott, Q.C., counsel for Westinghouse, said.

Sources of information about the cartel include statements by the Canadian Government, information gleaned in the House of Commons, hearings, and documents acquired by Friends of the Earth from Mary Kathleen Uranium, an RTZ group mine in Australia.

The Friends of the Earth documents have been admitted as evidence at Richmond. Their despatch to the U.S. Attorney General in August, 1976, prompted three things. First it gave Westinghouse the opportunity to claim there was now evidence of the cartel. Second it prompted the suit lodged in the Illinois court, and third, simultaneously, in October 1976, the moves started to seek testimony from RTZ directors about the cartel.

Until 1970 Westinghouse covered its commitments for uranium sales with backing purchases, so that in 1967, for example, it claimed to be the largest private buyer of uranium in the U.S. But around 1970 it ceased to buy uranium to cover what it was contracted to sell. By September 1973, it has been calculated that Westinghouse was committed to provide in the U.S. alone 59.6m. lbs of uranium which it did not have. A month later the price began to move upwards, starting to leave Westinghouse's short position very exposed.

In October 1973 the spot uranium price was \$6.50, a year later it was \$14. By May 1975 it was \$21. Prices for 1980 delivery rose likewise: from \$11.20 in 1973 to \$35 in May 1975. But Westinghouse, which had continued to build up its short position into 1974, had been selling uranium at an average of \$10 a pound.

Furthermore, there was no provision in the Westinghouse contracts for price escalation if the market moved upwards. Adjustments were only linked to the general level of inflation. There appears to have been an attempt in mid-1974 to renegotiate the contracts, but the utilities rejected the proposals. By the middle of 1975, Westinghouse was acknowledging difficulty in predicting its ability to provide supplies after 1978. In September it conceded that it could not honour its contracts. Its plea of "commercial impracticability" carries with it the implication that there were "unforeseen circumstances" which made it impossible to meet the obligations.

Westinghouse now says that the "unforeseen circumstances" included the existence of a uranium cartel. The existence of some sort of cartel is now well-established and was not a source of disagreement at the Lord's hearings. The differences appeared in interpreting its activities.

"Because of the embargo, the activities of the cartel could have no immediate effect on the U.S. domestic market," Mr. Kenneth Rokison, Q.C., counsel for RTZ, said.

"With the exception of two months in early 1974 prices reported in the U.S. market were never less than the minimum agreed prices (of the excuse for deliberately cartel). It should be noted that the termination in March 1975 of the marketing arrangement—which was said to be between states—should work artificially increasing the price ways. And that is iron—did nothing to slow the just what Mr. Silkin said.

In August, however, the Attorney General, Mr. Bell, stressing the "fundamental U.S. interest" of the investigation—the grand proceedings said, "he is still awaiting blocking legislation that the termination in March frustrates U.S. anti-trust

laws—should work artificially increasing the price ways. And that is iron—did nothing to slow the just what Mr. Silkin said.



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£50,000-£200,000 additional working capital required by successful marine Fraser.

Bank secured. Project results, 01-954 8142.

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The Management Page

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After yesterday's article on international performance yardsticks, Christopher Lorenz explains how several Post Offices have found more accurate ways of comparing tariffs

POST OFFICE is always keen when different countries' even though they are low by accused of charging too high, are measured at different international standards, as measured by official exchange rates. So the Corporation was several years ago, when its latest study of the cost of telephoning in Britain is an obvious example of any particular stage is of the second type: the Post Office emerged far more favourably from the old type of rate comparison than from any of the newer and more sophisticated studies.

Most European Post Offices recognised several years ago that it was misleading to compare their prices on the basis of currency exchange rates, though the British have continued to use them for public consumption. Apart from the obvious difficulty that parities continually change nowadays, distorting any comparisons based on them, they reflect only the purchasing power of each currency for foreign trade and payments, not for purely domestic goods and services.

To paraphrase the Bundespost survey: "there is little value in exchange rate comparisons of prices for goods and services that take place in America. After years of claims that the British telephone service is not only less expensive than the North American, but more expensive, this is now, if controversial, news."

British and German comparisons both used an identical method for overcoming our exchange rate distortions, taking telephone charges in each country to the purchasing power of its inhabitants. Both

conflicting conclusions only go to show how vexed by a recent Swedish study. Telephone rates which are nominally high in a particular country, by international standards, are not necessarily considered burdensome by national consumers, it pointed out. In countries with high wage and salary levels, inhabitants may consider the real level of the rates to be still reasonable or even low.

British ones provide a better guide, because it compares relatively how the picture has changed over the past five telephone charges. Extensive

the "working time required" approach makes use of several averages, the two most important being average monthly wages (usually gross hourly wages for workers in manufacturing industry), and a representative subscriber's telephone bill. Since 1964 the Swedish telecommunications administration has been publishing such comparisons at three-year intervals.

One of the drawbacks of the "time required" method is that international comparisons based on gross hourly wages are not an accurate guide to buying power, since countries' tax rates and social security systems vary so much; thus the German worker, for example, pays less tax than many of his European counterparts, but his direct social security contributions are relatively high.

Considerable distortions also result from the time it takes

most countries to produce the necessary average wage data. Final statistics can take a year or more to prepare, and so it is almost impossible to compare each country's wage data for the same month with reasonably up-to-date telephone tariffs.

Early last year the Bundespost compiled a comparison of "real" telephone costs for 14 countries, using the "working time required" method. Information about the telephone charges which were in force everywhere on January 1, 1976 was easy to obtain, but the Bundespost had to make do with wage data stretching back from July 1975 to March 1973, even just for Germany and Sweden, for example, there was a 19-month gap between publication of the most recent comparable data.

A year later the Bundespost repeated the exercise, and succeeded in narrowing the German-Swedish wage data gap to 10 months, but all the wage data used was at least 15 months out of date, compared with the then current (January 1977) telephone tariffs.

Enthusiasm

Such discrepancies clearly give misleading results, particularly at a time of such inflation in many countries. This partly explains the new-found enthusiasm of the British and German Post Offices for the "purchasing power parities" system, although it is based on an entirely different conception of buying power. The Swedes are also considering use of the ppp technique.

One of its key advantages is

that completely up-to-date or the "package," as it is purchasing power parities generally known, are now available every month. One of the main reasons for this is that the British survey puts the U.K. roughly on a par with the Netherlands, and the German Federal Statistical "real" comparative telephone survey earlier this year reflects the very different actual usage patterns of business and residential subscribers.

The ppp index has found increasing popularity in German industry in the past two years, including a number of calls, which has made German products and services look extremely expensive in international terms, even to domestic researchers use different representative bills or packages, each based on the country's actual pattern of telephone use. All

in the wake of the Deutsche Mark's continued appreciation, plus rental of the telephone and a proportion of the installation fee (usually 1/10th) but there the similarities end.

The most unusual international survey is the long-running Swedish one, which has excluded all trunk calls. This is on the grounds that trunk tariff structures differ so widely from country to country. The other Europeans point out that the variations for trunk calls are no worse than for local calls—which are free, or on a flat rate, in some countries. In

an attempt to make their package more representative of an actual telephone bill, the Swedes are planning to include trunk calls in future.

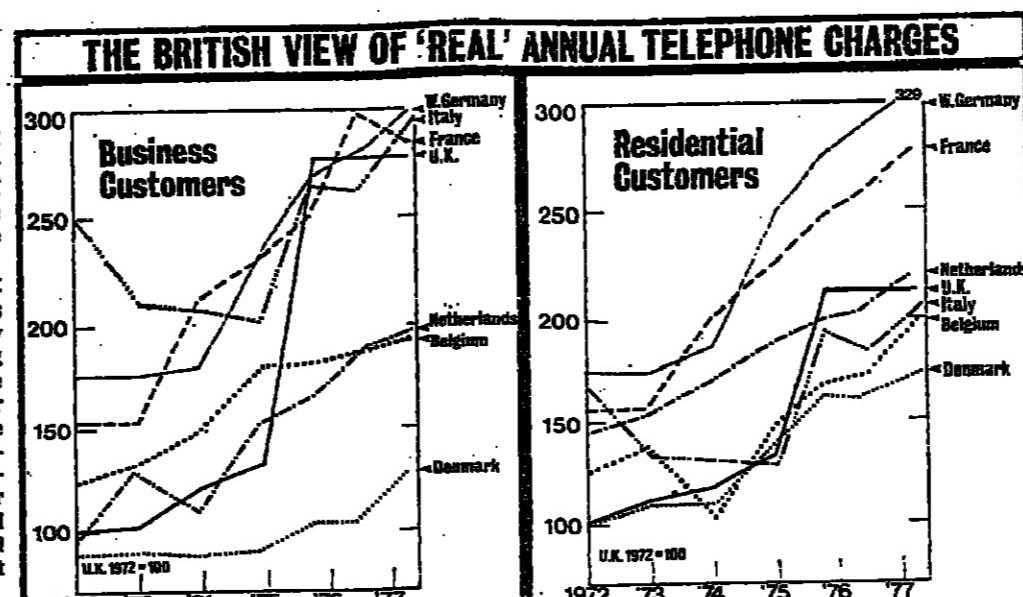
There are several other discrepancies between the national packages, but the main one is never in common, neither has that none of them contain the same number of calls, since the cheapest (although Sweden, not actual pattern of calling varies covered by the British study, is indisputably cheaper still).

THE GERMAN VIEW (BUSINESS SUBSCRIBERS IN DM)

Canada	1442
Italy	1328
U.S.	1305
Britain	1211
West Germany	1209
Norway	911
Austria	903
France	855
Belgium	613
Netherlands	587
Switzerland	514
Denmark	442
Sweden	375
Japan	341

Notes:
1. Jan. 1977 date
2. Figures rounded to nearest DM
†Bell Canada (Montreal area)
‡New York Bell (for Bell's Columbus, Ohio Company, the figure was DM 2042)

Source: Deutsche Bundespost



vidual services, such as telephone installation and local calls. But monthly telephone rentals and especially trunk call charges are often more expensive in North America than in Europe, even when converted on a simple exchange rate basis.

The seemingly paradoxical situation of some European services, but not others, being cheaper, arises partly because the Bell System subsidises the cost of local services from trunk call revenue to a much greater extent than do most of its European counterparts; which also implies a greater cross-subsidy from business to domestic subscribers. This is yet another example of how misleading it can be to compare the cost of individual services, rather than a package, or representative combination, of them.

Lest the ppp technique should fall into disrepute because of these controversial transatlantic results, it should be pointed out that the alternative technique, "working time required," also suggests that the U.S. and Canada are relatively expensive "telephone countries." In this case, however, they fall in the middle of the Europeans, cheaper than Britain, France, Germany and several others, but more expensive than the Netherlands, Sweden and several more.

(These are the results of the 1976 Bundespost survey, not the 1977 ppp exercise).

Before anybody's national pride is hurt, one should question how much these differences tell us about the relative efficiency and productivity of the organisations concerned—in other words, the "value for money" they offer. One of the most persuasive reasons why the North American telephone system is relatively expensive may be simply that it is of higher technical quality than most of the European networks.

There are at least 15 other factors which influence the level of national telephone tariffs. These will be summarised in the next article, which will be followed by a study of one of restraint and its aftermath.

The Bundespost's conclusion

that the "real" cost to business of national telephone packages is higher in North America than Europe is not as surprising as it may seem. The next article, which will be followed by a study of one of

organisational productivity.

Banning foul play in the European price league

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OFFICE

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Advice for small firms

THIS GOVERNMENT yesterday revealed the detailed timetable for extension of its Small Firms Counselling Service (described on this page last Friday).

The service swung into operation yesterday in the Northern region (based on Newcastle), but an exact date for the North-West (based on Manchester) has yet to be given: it is expected to be in the first two or three weeks of the New Year, the Department of Industry says.

The West Midlands, Yorkshire and Humberside, plus the South-East regions should all be

Business courses

Executive Health, Quaglino's, Administrative Office, 4 Maplebury Street, London, November 15. Fee: £35 plus VAT. Details from London Professional Conference Services, 3 Barnes High Street, London SW13.

Managerial Finance for Purchasing Executives, Clarendon Hotel, Leamington Spa, November 18. Fee: £95 plus VAT. Details from Purchasing Economics, Petts House, 35 Station Square, Petts Wood, Kent.

Mid-Career Counselling for £75 plus VAT. Details from Commercial Managers, Brunel University, Uxbridge, Middlesex. November 21-22. Fee: £100. Details from Board, Barton House, Barton Street, Gloucester.

Performance guarantees, Royal Holloway College, Egham, Surrey. November 23-25. Fee: £115 plus VAT. Details from EM Courses, Wick Street, London EC4.

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FINANCIAL TIMES

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Telephone: 01-248 5000

Tuesday November 8 1977

Price trends cheerful

HOWEVER uncertain the prospect of keeping average pay settlements close to the official target, and therefore of bringing about a continued fall in the rate of inflation during the second half of next year, the raw material costs of manufacturing industry are still dropping in a highly encouraging manner. The Department of Industry's index fell during October by another 1 per cent., despite the fact that the provisional figure for the previous month was again revised downwards. It has now fallen in every month since April and is below its January level. The fall in the past three months alone has amounted to 2½ per cent. for materials other than those for food manufacturing and 4 per cent. in the case of the latter. Since this fall in food material prices has been entirely concentrated on imports — partly because of the further appreciation of sterling against the dollar — it suggests a useful fall in import prices still to come.

This fall in input prices is helping to slow down the rise in factory output prices. The output index in October was still 17½ per cent. higher than a year before (as against 19 per cent. in September), but its recent movement has been considerably better than that.

Cost of living

In October alone, the output index for manufacturing industry as a whole rose by only 1 per cent. Over the past three months the index for manufacturers outside the food group has risen by 3½ per cent.; the price of manufactures in the food group, which had risen in the previous three months by 6½ per cent., actually fell slightly in October, mainly because of a further drop in the price of animal feedingstuffs. Just as the fall in input costs has led to a slower rate of increase in output prices, moreover, so the latter is bringing about a slower rate of growth in retail prices. It looks as if the increase in the cost of living for the 12 months to end-December will not be far off the official estimate of 13 per cent., and the rate of increase should

continue to decline, whatever success or lack of it the Government has in holding down wage increases, for some months after that.

Living standards have recently been cut by a faster rise in prices than in net incomes. This process should gradually be reversed from now onwards and retail sales should benefit. The retailers must be looking forward to a recovery with eagerness. Although the volume of retail sales for the third quarter now turns out to have been 3 per cent. higher than for the second, sales so far this year have been 3 per cent. below those for the first nine months of 1976—a year which itself was below the peak years of 1973 and 1974.

Savings ratio

The tax cuts recently announced by the Chancellor will come through, for the most part, at the end of this month and will probably, like the pensioners' bonus, lead to an immediate increase in consumption; that is certainly the official intention. What happens after that will depend not only on the length of the winter sales, pay expectations and Budget hopes but on continuing progress towards a reduction in the rate of inflation.

It was noticeable well in advance of the Chancellor's latest package that sales of durable goods and the amount of new consumer credit granted were rising simultaneously. The amount of new credit granted by retailers rose a little further in September, as did the sales of durable goods shops, even though some potential buyers may have been persuaded to postpone a decision in hope of a VAT reduction as part of the Chancellor's package. The income-tax cuts that were announced instead may not amount to all that much by themselves. If they give consumers the confidence to reduce their savings ratio further the effect could be considerable. The state of consumer confidence next month will depend to a large extent, however, on the miners.

Time to end the Dutch crisis

FORMING Dutch Governments is notoriously difficult. The combination of an extreme form of proportional representation and three main streams of political opinion—Socialist, Christian Democrat and Liberal—makes it virtually inevitable that only a coalition can command an overall majority in Parliament. The three main political groupings are divided, however, by deep ideological, and often personal differences which seriously complicate negotiations between them. It is not unusual for the Netherlands to go for several months without a new Government in the period following an election.

Square one

The latest Dutch Government crisis, however, has now beaten all previous records and it is still far from over. Last week's decision by Mr. Joop den Uyl, the outgoing Socialist Prime Minister, to admit final defeat in his efforts to form a new Administration with the Christian Democrats has plunged the country back into confusion and would appear to imply that the entire coalition-forming process must now start again from square one. The talks broke down when it became clear that there was no way the two parties could agree on the people who should hold ministerial posts in the new Cabinet. The Christian Democrats insisted on the inclusion of Right-wing politicians, whom Mr. Den Uyl knew to be totally unacceptable to his own Party's grass roots.

It is exceedingly rash, however, to apply the word "final" to a collapse of Dutch coalition negotiations. The latest rupture is the fourth breakdown in the talks since they started in the aftermath of last May's elections. Three highly sensitive issues—land reform, the proposed excess profits tax and abortion—have brought the talks to a halt over the last few months, and each time the Socialists and Christian Democrats can bury their differences

appointment of mediators has restarted them.

Mr. Den Uyl is now saying and form a new coalition as that Christian Democrats should quickly as possible.

Why Ministers believe the pay policy is working

BY CHRISTIAN TYLER, Labour Editor

SETTLEMENTS SINCE AUGUST 1

(Actual or proposed)

300,000 Farmworkers: 12-13% (10% in Scotland), after 50% claim.
118,000 Policemen: 10%, plus pay inquiry (undated).
57,000 Ford Motor manual: 12%, plus fringe benefits—cost not given.
*3,000 British Oxygen drivers and handlers: 12% (2% productivity, plus further productivity, to total possible 20%).
*800 Air traffic control assistants: regrading deal £315 lump sum plus 4% extra in April.
10,000 Midlands lorry drivers: 15% from end-Nov. Price Commission investigating industry.
33,000 Heating and ventilating: 20%; Government sanctions threatened.
*19,000 Vauxhall unskilled: 10% plus productivity of 5%. Rejected by 5,000 craftsmen.
*5,500 BSC sugar workers: 8.5-10.4%, plus productivity—total possible 15%.
200,000 English clearing bank staff: Stage Two arbitrated deal after 10% claim.
400,000 Catering (wages council): 10% after 30% claim.
55,000 ICI manual: Stage Two, plus one-year productivity deal in negotiation.
60,000 Gas manual: Stage Two, plus productivity talks.
70,000 Clothing workers: 10% accepted.
5,600 Govan shipyard: 10% accepted.
* Industrial action taken.

AFTER two years of voluntary pay restraint, unexpectedly successful from the point of view of the Government and the TUC, the difficult re-entry period starting on August 1 this year began well.

Most of the unions which hoped for a bonanza following the TUC's inability to promise another voluntary pay limit, have since fallen into line with the Trades Union Congress's overwhelming vote in favour of the so-called 12-month rule.

With one or two exceptions, they have accepted that settlements reached during the 12 months of Stage Two must remain in force until the next anniversary, and that they could not forego a Stage Two 5 per cent. rise even if that fell due right at the end of the period.

The importance of the 12-month rule was that its observance guaranteed that the return to free collective bargaining would be "orderly"—to use the TUC's chosen phrase. It was intended to do, and in fact did, prevent a rush of claims on August 1.

Although the 12-month rule remains an important buffer against wage pressure—not least in the case of the miners—it has ceased to be the main anxiety. Almost the only group to have held out against it is the Merchant Navy officers who are about to hold a ballot to test the chances of industrial action in favour of a 17 per cent. pay rise. The officers were due to settle as long ago as June 1, under the 14-week of Stage Two.

Re-open the issue

Train drivers have re-opened their Stage Two deal, but the depth of their determination has yet to be tested, and some of the printing unions are also planning to re-open the wages issue for their members in general printing.

Because of the success of the 12-month rule, attention quickly turned to the size of pay claims being submitted by groups of workers due for a rise in the early autumn. Those claims reached almost ludicrous proportions—a reflection, perhaps, of the union negotiators' desire not to be seen to be curbing their members when the TUC had made no further pronouncement about the right settlement level.

The few settlements that have ensued have tended to show that those claims were more an expression of frustration than a serious opening bid. In this category come the police—who took 10 per cent. plus the promise of an inquiry—after calling for rises of between 70 and 104 per cent.

Large numbers of workers, with pay anniversaries both before and after the magic August 1 date, have settled at

the approved level. This despite of the White Paper's deal is still apparently being yet happened to convince them that the game is up. Indeed, with each new threat, the Government's line appears to harden. There are two or three calculations at work here. One

is timing—hence the importance of holding off the miners' settlement, which is likely to go above the guideline until its due date in March.

The longer 10 per cent. (plus productivity) is accepted by the guidelines. Road hauliers in the West Midlands, under threat from employers as the going rate, the more chance of preventing a industrial action, a complicated pay

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and productivity deal that the Government accepts as within the guidelines. Road hauliers in the West Midlands, under threat

FINANCIAL TIMES SURVEY

Tuesday November 8 1977

[Arabic stamp]

BRAZIL

After past political traumas, the coming year could mark a milestone in Brazilian history, bringing political change by evolution. However, it is unlikely that the armed forces will be ousted from their dominant role in government in the foreseeable future.

RECENT YEARS after the fortnight later, even more contrary to many of his actions. This year's political uncertainties of government policy economically very vulnerable Some feel that a start may be another in which the toothless and emasculated than within the bounds of respect to financial pressures from made next year with a decision man of the extreme right but an increasingly frequent question-pleading or gentle remonstrance Washington. Despite official pronouncement by General Geisel that his successor will not be another undertaking he had given when economic policies followed by One further element must be mentioned that the Carter administration but rather some conservative civilian. The name he came to power in 1974 that the military since 1964. Added to this complicated situation should keep its nose out of Brazilian domestic affairs most often mentioned in this he would nudge Brazil away from the foreign of the Brazilian press being applied to the and the human rights question context is that of Sr. José de Magalhães Pinto, a veteran politician who collaborated in the military coup and who can be relied upon to take his cues from the generals once again.

Another development could well be the reappearance of a system of party politics more genuine than that in force at present.

BASIC STATISTICS	
Area	3.29m. sq. mls.
Population	109m.
GNP	Cr.473bn.
Per capita	Cr.4,705
Trade (1976)	\$13.6bn.
Imports	\$10.1bn.
Exports	\$1.74m.
Imports from U.K.	\$239m.
Exports to U.K.	\$239m.
Currency	Cr.1 = Cr.23.04

Ever since the big gains by the MDB in the 1974 elections, civilian supporters have been thinking of ways of clipping its wings and suggesting that the best way would be to form another party which would take away more support from MDB than from ARENA.

The system as at present established has been unsatisfactory in theory and in practice. In order to maintain the facade of a parliamentary regime, the military fashioned two parties, jumbled in ideology and amorphous in membership, ARENA and MDB. The former's job was to support the military in ARENA-MDB arrangement to office through its speeches in day looks more likely than the Federal Congress, in state ever and in the hope that such and local assemblies and to the dissolution would leave the public at large. The MDB's, as way open for the launching of already noted, was to oppose new genuine parties, opponents of the government in the MDB are perfecting their plans. No one in the opposition, however, senior officers, or delegated by them to civilian ministers.

In spite of this, the tide of public discontent with the government began in latter years it is taken for granted that the armed forces will continue to be a very powerful force for conservatism under any new dispensation.

Seeds of change

By HUGH O'SHAUGHNESSY, Latin America Correspondent

Dismissed

But then came the Frotta affair last month. General Sylvio Frotta, the War Minister, was summarily dismissed by the President. General Frotta, a man of the extreme right, had been campaigning with increasing energy in an attempt to secure for himself the support in the armed forces and among conservative civilians which would have given him the nomination for the presidency in the course this year. When General Geisel's term ended in the September, came to an end in 1974. His cabinet of Sr. Seffo, the Minister of Trade, by General Geisel and the fact that his candidacy was not well received accused of being soft on communism. Though such a document coming from a civilian was not encouraged, blantly demonstrated that the pen would doubtless have been fed into the already compromised situation by bubbling punishment, its publication among university students and an unwillingness on the part of the officially established opposition party survey. But Brazil with its since 1964 massive foreign debt and con-

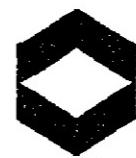
sequently that the emphasis on dent Carter's drive for greater afford to alienate Mr. Carter on export led growth and the respect for human rights issue. A large number of factors of the armed forces General Frotta issued an emotional manifesto on his departure is time to recompense the less it has everywhere else in the change in the Brazilian system which was crudely critical of his privileged sectors of the work region from Guatemala and El Salvador to Chile and Argentina. People have been convinced of this for many months now, few thereby provide a very much stronger domestic market. On the military front the changes will come about in any rapid or violent way. It seems generally accepted that Brazil is on the brink of an evolution which has been fed into the already compromised situation by bubbling punishment, its publication among university students and an unwillingness on the part of the officially established opposition party survey. But Brazil with its since 1964 massive foreign debt and con-

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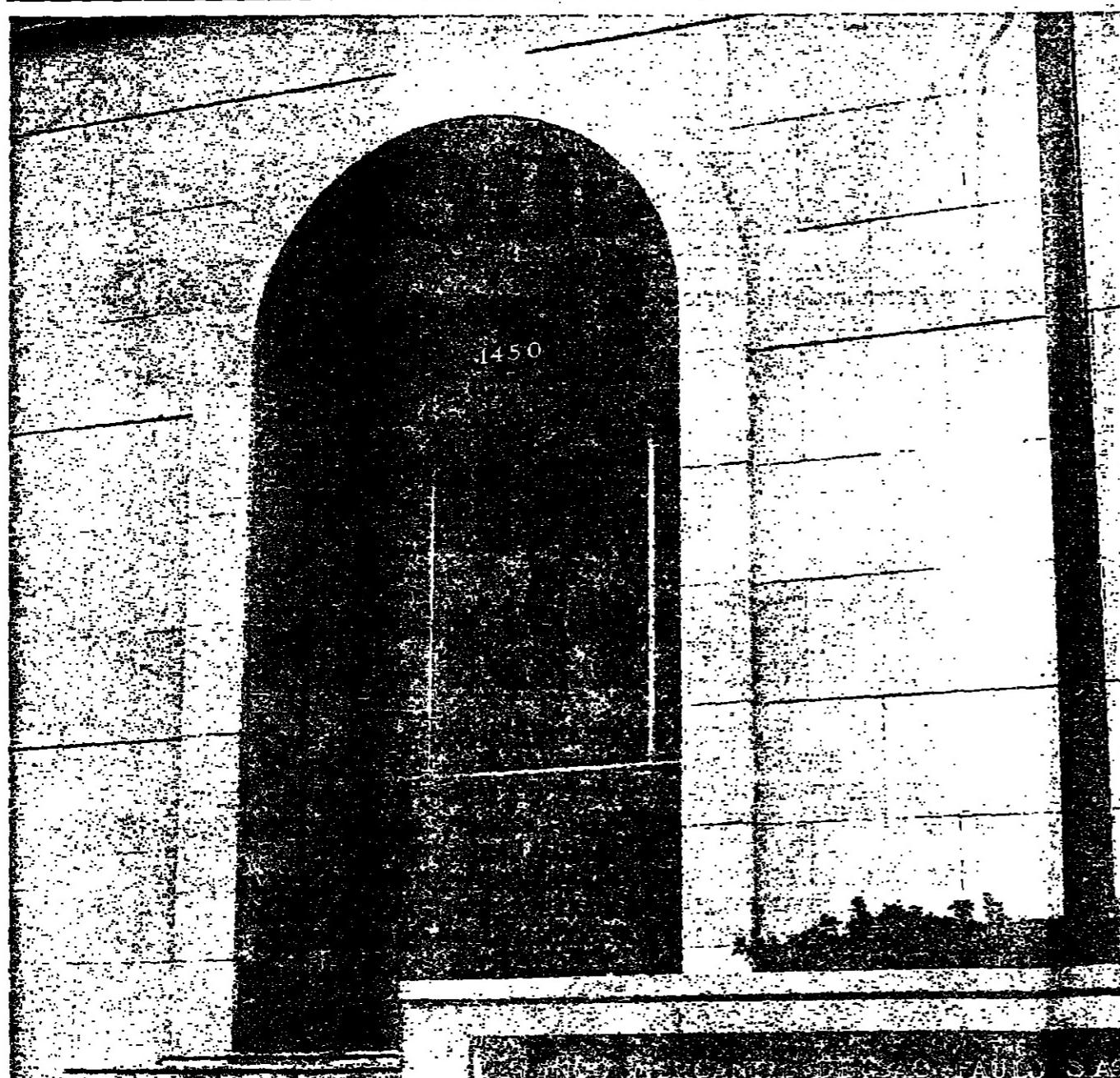
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BRAZIL II

Amid wealth a harsh core of poverty

THE GAP BETWEEN rich and poor in Brazil is sometimes just a few yards. If the people in Rio de Janeiro's biggest favela, Rocinha, a hillside jumble made of bricks, planks and bits of tin, started throwing stones, they would hit not only two first-class hotels but also several blocks of showy flats which are mustering under their noses.

Aesthetically, the favela is length ahead, especially at night. It also has a better view. But the view from the flats matters less to their owners, who have almost all bought them as investments rather than as places to live.

This kind of chronic contrast, which can be found in any big Brazilian town (except Brasília, where the poor live in satellite settlements), underlines the unevenness of the way Brazil has developed in recent years.

Except in some rural areas, average income has increased impressively, and living standards, in the sense of the number of people who have cars, television sets and refrigerators, have advanced since the early 1960s. But very little new wealth has seeped down to the people who need it, a fact that became very apparent in the census of 1970. But since then the signs are that the gap is, if anything, increasing.

Two years ago, the Government decided to start changing things, de-indexed salaries and raised the legal minimum by 41 per cent, which at the time was above the inflation rate.

But, at a time when priority has gone on cutting inflation, cooling the economy, exporting as much as possible and rescuing the balance of payments, the move has not been followed index starting at 100 in 1969 up, and annual wage was down to 73 in 1974. But since then the signs are that the gap is, if anything, increasing.

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Statistics compiled by a good for two bus journeys a saw its share drop from trades union body in São Paulo week and the bygones quota to 10.5 per cent almost exactly what the state. The indications of the few years are that the of people earning a minimum wage or less has if increased, and that the number varies because not all more definite increase wages go up simultaneously.

Brazilian executives among the highest in the world, with salaries better than they would the U.S.

A study made a few years ago by the UN's Economic Commission for Latin America showed that "overall" income in Brazil is greater than in any other country for estimates are available primarily a reduction concentration of income very top of the scale."

Reforms in the tax which have meant a big portion of direct taxation more liberal exemptions bottom of the scale, has moved into middle-class than into the wealth trated at the top.

The Government has a policy of direct redistribution through wages or through reform. In 1976-79 a plan does, however, a commitment to improve social balance, at least reducing absolute poverty. Where it is most evident the edges of towns and semi-arid part of the north than the last president Médici, came to the conclusion that "Brazil is doing well the people are doing well."

Every 10 years, Brazil carries out an admirably thorough and well-documented census and spends the next few years working out what it means. The

At the same time, Brazil's processing and manufacturing industry is deprived of a large potential home market. Its present consumer market is limited to 25m. or so. Pay levels in many jobs are such that people have to prove their resourcefulness by holding down two jobs, such as policeman and taxi-driver, at the same time.

By law, the minimum wage is region of 65m. of Brazil's 110m. the amount needed to keep an average person, and the administrative adult worker in food, housing, clothing, hygiene and transport, the hope of improving the mixed quality of services.

But low pay levels and under-employment in the countryside leaves Brazil with problems of items—54 per cent for feed, 10 housing and nutrition that are per cent for clothing, etc.

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BRAZIL IV

Rocket site symbol of armed strength

THE PLACE is called Hell's Gate—a light automatic weapons co-operation. A bilateral pact, with Bolivia, Paraguay, Peru, Colombia and Venezuela, under which had grown up after the Second World War, when unlikely event of having to fire on all those remote frontiers at the same time—they are relatively compact in relation to Brazil's size and population, and defence spending is no more than 2 per cent of gross domestic product. They are built up through a selective national service system and a core of 20,000 career officers, the vast majority middle-class, not highly paid, a fair proportion of sons of military families.

The army, besides being the most powerful of the forces, was despite the importance which U.S. connections have held in the post-war period, a far greater extent on foreign supplies. The air force is currently paying for a delivery of 42 U.S. F-5 fighters, and the rest of its fighter and transport commands is based on French Mirage and Hercules C-130s; but it already has over 60 locally-made Xavante fighter-trainers, produced under an Aer-Macchi licence, and 40 Brazilian Bandeirante light transport aircraft. A new fighter and a medium transport aircraft are on the drawing-board.

The navy is largely British-supplied, with its only aircraft-carrier, the Minas Gerais, a second-hand vintage class vessel, and new frigates and submarines currently being delivered. But it is also to build two frigates under licence, reinforcing a growing naval yard in Rio de Janeiro.

Brazil has already broken into the arms export market, selling armoured cars in the Middle East and military aircraft in Chile, Uruguay, Paraguay, Bolivia and Togo. The recently-formed Government arms company Imbel is hoping to set up joint ventures with foreign companies, including the makers of West Germany's Leopard tank, partly with a view to export.

This increasing self-dependence explains the ease with which Brazil handled a human rights report it considered meddlesome and already fed up with White House opposition to Consumers' boycott campaigns began to bite—after all, even controlled Petrobras oil group, Brazilian housewives are hard Brazil had been hoping to rope



The Niteroi, one of four 3,500-ton Vosper Thorneycroft Mark 10 frigates in service with the Brazilian Navy.

of the armed forces in over-riding concern with the threat jungle guerrilla groups in the have gone along with seeing the country's development and enshrining the army's right to intervene in that development.

The brain-centre of the military, and the political powerhouse of recent years, is the Superior War School. Founded in 1949, the year the Soviet Union exploded its first atomic bomb, it was identified from the first with anti-communist positions, based on ideas of Brazil's future as a "Great Power" and the role of the Military Tribunal, as "one of Communist Party structure member of the Supreme has destroyed much of the army's cohesion and repelled the urban guerrilla movement and suppressed

But if there is no effective guerrilla threat, where is the cohesive force that keeps the military together in power? General Geisel's sinking last month of his Army Minister, General Sylvio Fraga, gave clear evidence of the divisions and rivalries that have arisen within the power structure.

Gabriel Gómez, Air Minister and a former

army intervention in 1964,

a letter to the Journal do Brasil

"The truth is always a risk

so I state in the fulling

that duty that it is

to change."

Moral

Colonel Ruy Castro, an

retired officer, considered

hardline Right-winger in

1964 movement, warned

members of the military

Command that "the ex-

of political power, or

the control of it by the

forces, takes away their

authority to act in the

security."

What is impossible to pr-

however, after 18 years

power and its consolidati-

a fighting force, is whe-

ther the army will be

pared to relinquish its ho-

ly body which might 10 years ago.

L

Stalemate in coffee bargaining

IT IS OVER two years since a put to fork out £2.25 for a kilo in \$4.60 from coffee and pay off the whole of 1976, in which few chilly nights, such as would pass unnoticed in England—buyers its oil bill with it. Now Petrobras, which buys all the oil, around this time of year, wiped out Brazil's main patch of coffee bushes, cut a quarter of export price of \$3.20 a pound. saw prices fall to half that level and business in its main coffee port of Santos come to a standstill.

The Brazilian authorities, which had ridden high on the boom, fought hard to keep it going. In came Interbrás, a trading company belonging to the state

frost, Brazil will have to sit on the sidelines and watch its competitors rake in the winnings.

Ten years ago, Brazil had coffee stocks of 65m. bags. Immediately after the frost it had 27m. Half way through this year it had 65m. of which only 15m. were in the hands of the IBC.

Doubt

As an olive branch to producers, the IBC has offered to buy up coffee for its stocks, and recently increased the price by 25 per cent. to Cr.2,500 or \$164.50 a bag. However, the coffee farmers consider this no bait, want at least another Cr.500 increase, and want the IBC to cut its export levy by half and lower its export floor price to \$2 so that they can start in business again. In the current situation, the future of many small and medium-sized coffee growers is in some doubt.

Exporters have also had a bad time. Two big ones, Leite Barreiros and Bracafé, have collapsed, and the IBC is hounding about 20 more who have made "cold sales"—fictitious deals registered in order to borrow bank money against them—amounting to 300,000 bags. Small exporters have come under a Government axe which stipulates minimum levels of capital and trading volume for them to operate.

The boom brought coffee back into fashion, but the gold-rush atmosphere in two days in February Brazil is reported to have sold \$35m. worth, more than half the value of total coffee exports in 1974, has rapidly dissipated. Farmers planted enthusiastically after the 1975 frost, which destroyed nearly all Paraná's coffee and a lot more besides, but the Government has called a halt to its replanting programme. It aimed at 330m. new bushes and there are reckoned to be 400m. The target of 130m. in Paraná was reached before schedule.

Emphasis is now being put on planting coffee where it is safe from frost, so as to stop playing Russian roulette with the world market. Plans have been mooted to plant 20m. bushes of robusta coffee in the Amazon, and Minas Gerais is growing in importance as a producer—of this year's estimated 15.5m. bags, Minas Gerais share was 4.6m. second only to São Paulo's 7m., with Paraná, traditionally the biggest, putting in a brave 1.8m.

It is now spring in Brazil, and flowerings so far promise a good harvest next year. Brazil wants to get back to producing 20m. bags and more a year, after seeing its crop knocked down to 6m. bags in 1976. Perhaps after three years it will be producing crops of 25m. bags. But Brazil has expanded its other farming interests such as soya and the days of the late 1950s, when the Brazilian coffee crop touched its record of 44m. bags, which to-day would account for most of the world market, are gone for good.

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D.W.

BRAZIL as the Largest Sugar Cane Producer

The Brazilian Sugar cane crop in 1977/78 (beginning in June and ending in May) is expected to reach 8.5 million tonnes of sugar, raw value. This will be the largest volume of sugar ever produced in one crop. This total is possible because of the investment of over US\$1 billion made since 1972 in both the growth and production processes.

In the growth sector the genetic aspects were developed, thus creating new varieties of sugar cane with a higher degree of sucrose and a high resistance to disease and pests. It has also been possible to modernise the old plantation methods and therefore work on the sugar cane fields is progressively being taken over by technology. It is worth noting that sugar cane plantations are also the main consumers of fertilizers in the country.

The old factories have disappeared completely, and given way to modern and efficient installations. The new image of the Brazilian Sugar industry is composed of factories with average crushing capacity that varies between 3,000 and 16,000 tonnes of sugar cane every 24 hours. The Brazilian Sugar industry is able to produce 3.5 million tonnes of sugar in 150 working days.

By next January the maritime Terminal of Maceió (Alagoas State) will be completed with storage capacity of 200,000 tonnes of sugar, and shipment capacity of 1,000 tonnes of sugar per hour. The port installations of sugar cane regions are capable of shipping 300,000 tonnes of sugar per month to the world market.

To further increase the storage capacity a Terminal will be constructed in the Port of Santos (São Paulo State) capable of stocking 400,000 tonnes and shipping 2,000 tonnes of sugar per hour.

ALCOHOL AS FUEL

Proving once more its versatility and power of adaptation, the Brazilian Industry for the 1977/78 crop, intends to reduce the volume of sugar to be supplied to the world market, in order to prevent greater deterioration of prices. It has decided to process the equivalent of 900,000 tonnes of raw sugar with 96° polarisation into alcohol. This alcohol is being mixed with petrol for motor vehicle usage and is also used as a base product in the petrochemical industry, being almost totally produced by distilleries attached to sugar factories.

By the next crop a significant number of autonomous distilleries will be constructed under the auspices of the National Alcohol Council.

At the present time, in the State of São Paulo, cars, lorries and other petrol consuming vehicles are using a fuel mixture of 80 per cent petrol and 20 per cent sugar cane alcohol. This is an experiment that Brazil has undertaken in its research for alternatives to the problems created by high petroleum prices.

CONSUMPTION AND EXPORTATION

Brazil, with more than 110 million inhabitants, has a per capita sugar consumption of 46,220 kg. raw value. The Brazilian domestic market in 1976 absorbed 5.1 million tonnes of sugar. Demand for the current year is estimated at 5.35 million tonnes of which the food industry accounts for a little over 20 per cent of the total.

Brazilian Sugar exports after reaching their peak of almost 3.0 million tonnes in 1973, started to decline, as a result of unfavourable weather conditions. In 1977, however, exports are increasing and their total should reach around 2.2 million tonnes, almost 1.0 million over the figure for 1976.

Brazil has participated actively in the recent negotiations that resulted in a new International Sugar Agreement, expected to be effective from 1st January 1978. According to the new agreement Brazil has allocated the basic export tonnage of 2,350 thousand metric tonnes, which is lower than its capacity but which Brazil accepted in its endeavours to co-operate in the international field of price stabilisation.

INSTITUTE OF SUGAR AND ALCOHOL

The production of sugar and alcohol, as well as all the domestic distribution is in the hands of private enterprise. The Institute of Sugar and Alcohol, an official body of the Ministry of Industry and Commerce, is responsible for the planning and execution of the economic policy of the sugar industry including technical and financial assistance to sugar producers. In addition to that the Institute of Sugar and Alcohol is also responsible for exports to the world market through its Exportation Division. All enquiries of a commercial nature should be submitted to this Division at:

PRAÇA 15 DE NOVEMBRO, 42 4TH FLOOR,

RIO DE JANEIRO, (BRAZIL).

TEL: 231 3370 - TELEX: (38) 2122315

The Institute of Sugar and Alcohol has an office in London acting as a permanent representative of Brazil at the International Sugar Organisation and is always readily available to provide up-to-date information to all interested parties at:

32 GREEN STREET, LONDON, W1

TEL: 01-629 1884 - TELEX: 261883

BRAZIL V

The foreign debt

In 1976 Brazil's foreign debts were the lowest. It is now locked into year, there was a trade surplus of \$300m, a turn-round heavily at present is oil exploration. National commercial banks estimating that the investment of nearly \$300m, a turn-round heavily at present is oil exploration.

single debtor among programme pays off, not merely from a deficit of over \$2bn for tin, and development—there

World Bank, by any normal standard of 1976 as a whole. However,

Brazil's second largest bank profitability but also foreign another reason why this turn-

Multilateral Development Bank currency issues.

to have arrived. In this connection, the size

of its debts from Brazil's medium-term foreign

an lending last year, and debt (including private sector

industry was second only to debt) has more than doubled

United States in a country since the end of 1973—from

the amount of \$1.2bn in 1973 to \$2.7bn in March

the value of the same debt last year. Some of the in

the question which has 1973-76 rise in the rates was in

and continued to face lending by foreign commercial

banks and its credibility is banks.

in them will come out. The figures give some indica-

tion of the size of the debt

commodity servicing problem. In fact,

and the quadrupling of estimates of interest payments

in 1976 extrapolated are likely to prove rather too

high. The numbers involved are very large, and

with the Brazilian economy's

have gone along with a boom in the export industries. The point. However, even on this

as a whole largely financed basis, debt service payment this

strangled year represented nearly 50 per

cent of the value of exports

the country has

the day so far averaging more than its

the sharp build up of debt

and the need to build up service costs will be constant

in the future as increasing its foreign currency

deficit account deficit. More

country's foreign currency

increasingly once taken the resources, and has rather over-

estimated the way it would solve shadowed Brazil's great achieve-

ment in bringing its trade

is a risk because by heavy investment account, its balance of pay-

ments is balanced by foreign bor-

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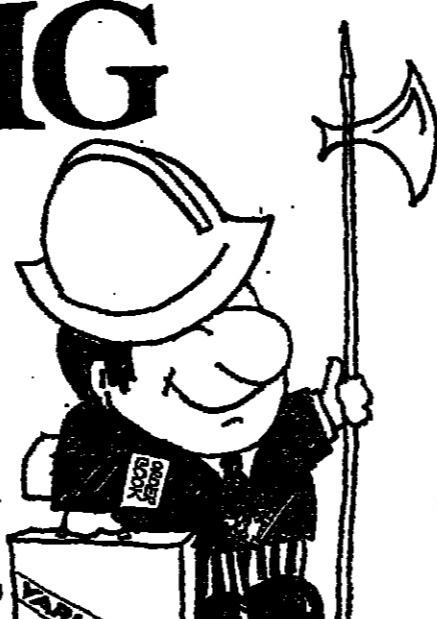
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why we do what we do

"A CATTLE ranch in the world market we just cannot afford this kind of investment" goes well the first few years. Mistakes are very costly in the Amazon. To-day Sr. Vilela has left the company, and the ranch, a 20-stone cattle rancher, looks which is going from bad to worse, has been up for sale for over a year.

Unfortunately, the Jabuti along the Avenida Paulista in São Paulo. He is commenting particularly in eastern Pará, around Paragominas, his 100,000-acre ranch, called Rio there are a large number of Jabuti, near Paragominas in a similar state. Nor State of Pará. He set up the ranch way back in 1966, one of the ranches form an isolated case, the first to take advantage of the tax incentives granted by SUDAM, the Amazon Development Agency. Under this scheme companies can deduct up to 50 per cent of income tax payable if it is invested in an approved project in the Amazon region. To ensure a regular flow of tax rebates, Sr. Vilela set up a 50-50 joint venture with Villares, a large São Paulo engineering group in which Chase Manhattan has a small stake.

Sr. Vilela was one of the first big ranchers to arrive in this area of the Amazon. He recalls with amusement the curiosity shown by the local population of peasant farmers when he brought in the first tractor. They

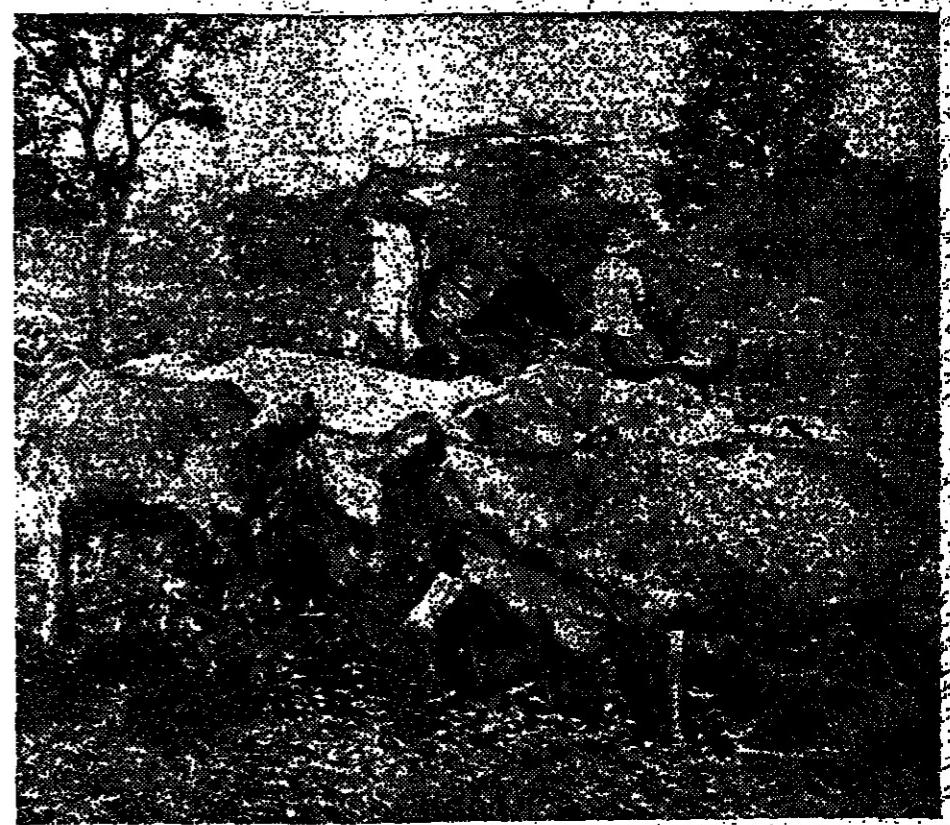
all collected around in astonishment when it was stationary, but ran off scared into the jungle when he revved the engine.

At the time, land was absurdly cheap. They paid a symbolic price, just 10p per acre, for their huge ranch. Sr. Vilela cleared the land the traditional way, slashing down the forest and then burning the dead vegetation. He carried on in much the same way as if he were farming the rich soil in southern Brazil, planting guinea grass without bothering about legumes. The

largest of the ranches is also one of the most advanced. This farm, which is situated in the north of Mato Grosso, is now controlled by the São Paulo subsidiary of the Italian company, Liquigás. The area of the ranch is an amazing 537,000 acres. Yet it only cost £5,000 when it was originally purchased in the early 1960s. When the company submitted its third project to SUDAM in 1974, it corrected this sum for inflation to £21,000, which averages just 4p per acre. This illustrates very vividly the very small proportion of the total investment that the price of land plays.

Under this third project, which is still in process of implementation, the ranch should break even in 1982, when the herd of cattle reaches 124,460 head. By the end of 1973, £2m. had been invested in the farm; by 1980, this should have tripled. The heaviest predicted investment by the end of 1983 is expected to be the purchase of cattle, which is anticipated to absorb 44 per cent of the total investment. Next comes the formation of pastureland, 23 per cent. The actual cost of the land is only 0.03 per cent. The ranch expects to obtain 75 per cent of the total investment through the tax incentive scheme.

Volkswagen also has a large 345,000 acre ranch, further to the north. When it arrived in the region in 1974, land values had increased considerably. In its project submitted to SUDAM



Rounding up cattle in the Amazon

in 1974, VW revealed that it paid £880,000 for the ranch, which works out £2.50 per acre, with the permanent ecological damage that may be occurring down of the jungle. Every schoolchild has heard of the

luxuriant Amazonian rain forest, where trees grow up to 100 feet high. What is less well known is the fact that the lush vegetation is the result of a complex interchange by which limited amounts of nutrients are recycled within the ecosystem. About three-quarters of the Amazonian jungle is covering acidic latitic soils.

These readily become hard and brittle (laterite) when bared and exposed to long hours of sunshine. The delicate balance is respected by the Indians, who live by hunting, collecting forest products and replanting root plants, such as cassava and sweet potato.

With the cutting down of the jungle, the new settlers are eliminating the native root plants and attempting to establish simpler, more intensive ecosystems. The new systems, whether based on grass seed for cattle-rearing or food crops, such as rice, beans and maize, planted by the peasant farmers, take many more protein out of the soil. At the very least, if the fertility is to be maintained, the grass seed must be sown with legumes that capture nitrogen from the air, thus fixing it in the soil.

However, here too problems arise, as many farmers are using powerful herbicides, including orange agent, to clear away the "juquira" that springs up after the initial clearing. And these herbicides, which do not affect guinea grass, kill off all broad-leaved plants, including legumes. And no one knows how long these herbicides remain effective in the soil. It may be three years, or five, or ten.

And time is running out.

Museum of money

"THERE ARE people with guns at the door so passers-by are put off and we don't get as many visitors as we should," says Sr. Edgar Moura Soares, keeper of the Central Bank museum in the Avenida Rio Branco in Rio right to be rueful about the security arrangements. He has in his charge two of the most visually rewarding rooms in the city, the Museu de Valores, and they are not as well known as they deserve to be. In a score or two of display cases he has examples of virtually every coin, note or other token which has served as currency in the four and a half centuries of Brazil's existence.

While Mexico, Peru and Bolivia with their enormous quantities of silver played a more important part than Brazil ever did in providing the world with coinage in colonial times, none of those countries can rival the variety of currency used in Brazil, and carefully hoarded and displayed in Sr. Soares' museum.

The African origin of much of Brazil's population is remembered in the little pile of cowrie shells he has as one of his first exhibits, testimony to the fact that the slaves brought over to the plantations of north-east Brazil had more faith in the natural currency than they had in coins.

The first currency notes, like the first coin bearing the word Brazil, were due to the Dutch, who issued paper money in Recife in 1640 in the face of the threat of attack from a Spanish fleet. Paper money came back in the 18th century in the form of receipts for gold dust from the working of Minas Gerais and other mining centres, but the first systematised use of paper currency—one that doubtless would have rejoiced the heart of HM Commissioners of Inland Revenue—had they been there at the time—came in 1808. In that year Gold Dust Exchange Certificates, already printed, went into circulation and were accepted for payment to the Royal Treasury.

The same year saw the setting up of the Banco do Brasil, which was in issue notes from then on until 1923. Of these notes, and of the streams of coins which were issued in the times of the Brazilian Empire and the republic which replaced it in 1889, the museum has plentiful samples.

Sr. Soares can show, for example, the first coin of Dom Pedro I, the member of the Portuguese royal house who declared himself emperor of Brazil in 1822 and who had Portuguese coins in circulation stamped with his own coat of arms and branches of tobacco.

BRAZIL VI

Costly mistakes in the Amazon

Ra
a

BRAZIL VIII

On this page our correspondents describe four Brazilians from different walks of life: writer, popular singer, politician and ambassador.

Roberto de Oliveira Campos

THE BRAZILIAN foreign ministry has been particularly studying at George Washington University, Washington and diminish the prestige he enjoys in its choice of ambassadors to Britain. In the late 1960s and the early 1970s it sent Sr. Sérgio Correia da Costa, now ambassador at the UN. Sr. Costa, a man with close connections with the Brazilian monarchists, courtly manners and a refined taste in pictures, was just the man to preside at the former Cowdray mansion in Mount Street. Foreigners were falling over themselves to invest in Brazil or lend to it through the London money market, which was lucky for a man whose forte was not finance. The crisis point was reached when the treatment of the Amazonian Indians.

In the task of trying to subdue criticism of the Brazilian Government on these counts no one could have projected a more civilised image than the (then) ambassador.

Sr. Roberto de Oliveira Campos, the present envoy, is a man of a different temper, though curiously both of them graduated into the foreign service at the same time in 1939. Sr. Campos is fully aware of most of the tricks of the trade in the rough world of business, and as worries about Brazil's economic future are expressed more often in London than in the man to talk to bankers and businessmen in their own language. It is a bit point to him that he can do so with wit and a fair share of astringency.

Born in 1917 in Cuiabá, the capital of the state of Mato Grosso, the young Campos, unlike as it would seem to those who know him to-day, decided fixed the course of future that he wanted to make a career in the Catholic Church. He country to foreign capitals and studied until he was 20 at the seminaries of Guaxupé and policy of exported growth Belo Horizonte but decided in which was to be put into practice by his successor and disciple, Professor Antonio Delfim Neto.

My departure from the seminary was a case of intellectual rebellion," he comments but circulating in a number of international bodies gave him an opportunity to give more to his own business interests, which grew steadily before the works of Anatole France."

The theologian and the diplomat did not take long to acquire sent his country.

H.O.S.

Dr. Roberto de Oliveira Campos.

Chico Buarque

BRAZILIAN POPULAR music is a gious group whose leaders are now involved in an extreme Right-wing organisation called Tradition, Family and Property.

Chico Buarque's trajectory, after

taking after an unsuccessful

points in the 1930s samba-songs

of Noel Rosa and the contem-

porary work of Chico Buarque

de Holland.

He recalls that he had a difficult task in the U.S. capital. "There is a tremendous sense of power rating in Washington. The envoys of great power had a lot of influence, and the ambassadors of those countries could on occasion indulge in the luxury of being less than intelligent. The envoys of the second line countries were treated highly if they were thought to have influence with their governments. I suffered from the fact that it was known that I had big differences with the Goulart Government and that it did not take my advice. I tried to compensate for this by strengthening relations with the academic community and the Kennedy family."

All of this in turn was the best preparation for the job which most firmly established his reputation as a conservative economic planner of great forcefulness, that of Minister of Planning and Co-ordination in the first military Government after the coup d'état of 1964.

For some years, he has become increasingly involved in theatre. His "Gota d'Água" (roughly translated "The Last Straw"), co-written with the late Paulo Pontes, a transposition of Euripes' Medea into a working class suburb, with a mixture of tragedy, bawdy humour, political satire and a few good songs, has had long runs in Rio de Janeiro and São Paulo.

Chico Buarque is the son of a distinguished piano-playing historian, Sérgio Buarque de Hollanda. Brought up in strict Catholic fashion, he became attached to a conservative reli-

breath of rosemary," appeared

to whom the author is planning to an instrumental.

But despite the often aggressive language of his lyrics, Chico

Buarque insists that he is not a protest-singer. His songs embrace a wide range of topics,

from women to workers falling

heavy-headed, weighing down

on a spirit of reprisal: "You

will really suffer to see the day

breaking without leaving leave,

and I'll die laughing." The view he attacked critics who

singer now describes it as his

happiest song, but the censors

did not find it funny.

Chico Buarque has also had

a rough time with television

companies, and only recently re-

appeared after a four-year

break. His songs are still heavily cut. A recent ditty, "So Much Sea," addressed to friends in Portugal ("There it's spring, here it's sick"), had been drunk at the time.

"NO WRITER CAN exclude bestseller in Brazil is a book English-leans towards what he thinks. Otherwise he which sells 30,000 copies. And second is 'characterless.' Antônio although a writer like Callado, But Callado also recognises his literary has been translated into English. The influence of modern Brazil's best modern novelists, Italian, Spanish and German writers — Joyce, Proust, and The

Callado reckoned some time ago that only two Brazilian writers were making a living from their books. One, Erico

was arrested a couple of times Verissimo, is dead, and the during the 1960s. Another other is not himself, but the Callado the novelist, however Bahia novelist Jorge Amado, writes in total freedom, and Callado places himself in the commands esteem even among middle of two distinct streams, his enemies. This is one of the which have characterised peculiar paradoxes of modern Brazilian literature since the

last century. One, stemming from the romantic writer José

known novel "Quarup," an epic of a missionary priest's edges savage, involved in the immen-

At one point in Callado's best from the romantic writer José known novel "Quarup," an epic of a missionary priest's edges savage, involved in the immen-

Once editor of the defunct newspaper Correio Manhã, Callado still keeps hand in with magazine and he was BBC journalist during the war and worked later French radio, and as editor writer for the main Rio paper Jornal do Brasil.

In 1968 he was deprived his political rights for ten years and forbidden to write and broadcast or teach. "I exaggerate," he says, "but he failed to get him a

job in the country, since the Jornal do Brasil kept him on, and a

campaign by friends succeeded getting the ban removed. Callado is still without political rights. "If they take my rights back, he will be a mischievous goblin, I assure them."

The leeway given to novelists leans to the first. His latest

taken away when they turn to novels. "Reflections of the Ball," writing soap-opera serials, for written in the form of letters to television and often when they between people involved in a write plays — reflects the narrow series of diplomatic kidnappings in range of their readership. A — and, incidentally, partly in

Antônio Callado

FOR THE first time since Brazil age that his candidacy is difficult introduced indirect elections for to remove. When General President in 1965 — a process that has always assured the success of the army's nominees — a civilian has put himself forward to be the official candidate.

Senator José Magalhães Pinto is an old fox of Brazilian politics, a leading figure in the Government party, the National Renewal Alliance (Arena), and would be an unlikely candidate for someone so junior

recently president of the Senate, although he was until

before that Foreign Minister, and before that State governor, cannot be sacked from anything less it be his Senate seat, which

Right-wing campaign the President was able to sack him. The

style of quiet cunning associated with Minas Gerais, nor smokes and rarely more than he absolutely

As Foreign Minister from 1967 to 1969 he faced a critical decisions, including refusal to sign nuclear non-proliferation and concessions which resulted in the release of a kidnap U.S. ambassador.

Sr. Magalhães Pinto's political ambitions are said to date from 1960, when he as

President Geisel for three months and that the President believes he is the one man who

who is also honorary head of the Arena Party, had made no moves to encourage or dis

courage his campaign, which is based on wider democratic liberties.

He claims some military support for his candidacy, although he almost certainly lacks the kind of support he would need (most importantly that of President Geisel).

But Sr. Magalhães Pinto is scoring some points in his campaign. He has the great advantage that it is not a problem, it is a

José Magalhães Pinto

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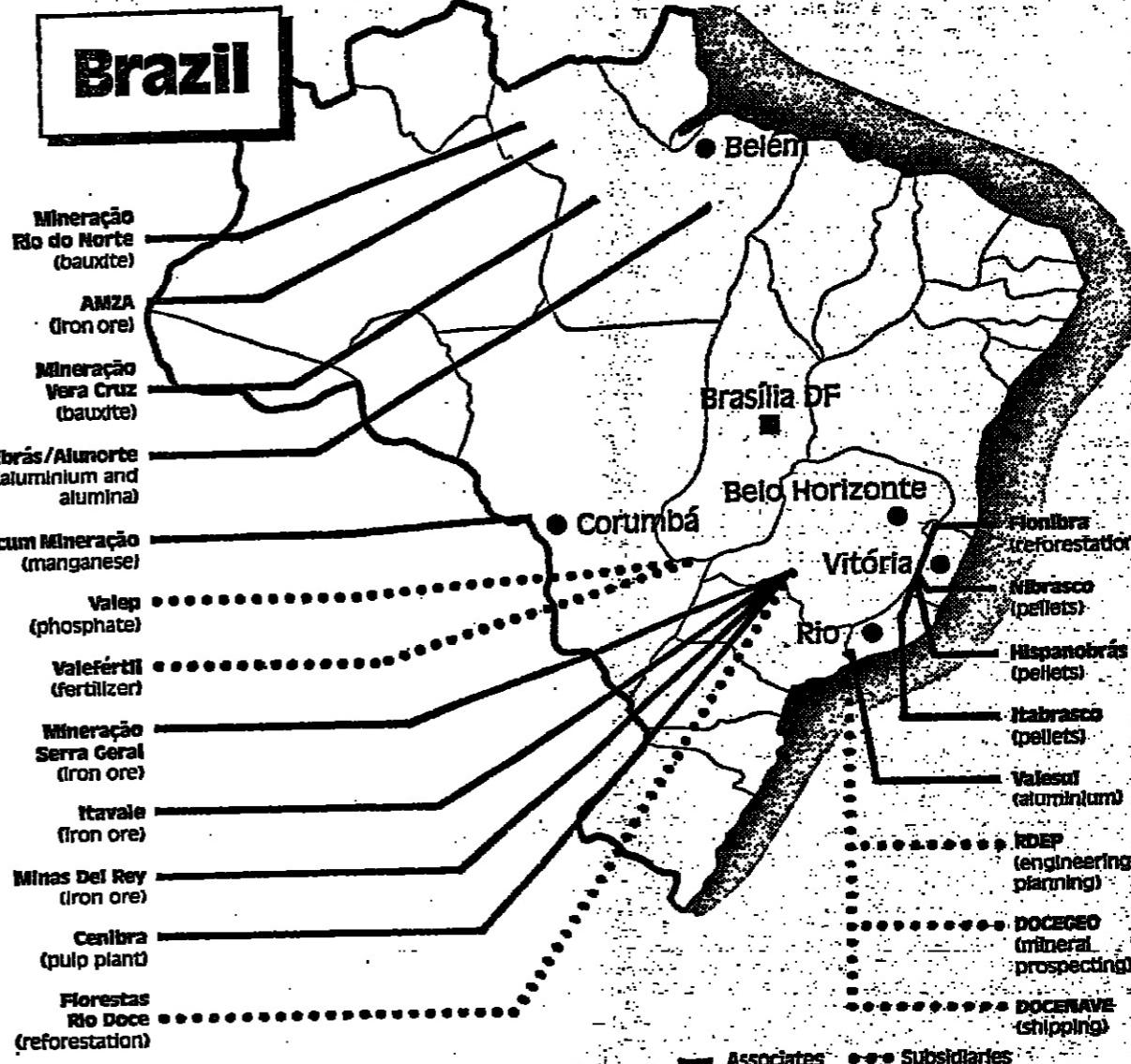
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Companhia Vale do Rio Doce

SOCIETY TO-DAY: GRUNWICK . . . THE CIVIL SERVICE

TRADE unions movement, which is why of the Appeal Court which effectively set aside an ACAS recommendation that Grunwick should recognise the union.

ACAS made its recommendation after taking a ballot of the opinions of the workers who were on strike; they all said they wanted the union. APEX, to represent them. But the company would not provide the names and addresses of the willing workers, so ACAS could not consult them directly. All the courts so far have agreed that it was reasonable to ballot the strikers. The High Court said ACAS was also within its rights in making a recommendation without consulting the willing workers. The Appeal Court said it was not. Now we await the verdict of the Law Lords.

Whatever it is, it cannot make much difference to the employees who are on strike. If the verdict favours ACAS, then the company will be faced with a recommendation that it should recognise the union. Let us say that it accepts this, without further legal challenge of any kind. That would mean that APEX would be acknowledged as the bargaining unit for those of its members who are still at work inside Grunwick. Now if the union has secretly managed to recruit large numbers of new members it would have the kind of bombshell that could yet reverse the whole course of battle. But the general assumption is that the number of APEX members inside the company is so small that recognition of the union would have little practical meaning.

In short, the strikers themselves cannot be helped by any likely development in this long drawn-out dispute. Once the union movement recognises this it can meet its responsibility for their welfare, by trying to find one of those lessons will be

down and ask itself whether increased costs should be ascribed to increased costs, rather than to improve old street-fighting ways. The patient care. For example, if time has come for it to show its junior doctors were to work self-confidence by boldly embracing the law. It is true that that would involve the kind of doctors (by increased leisure) self-restraint that provoked and also patients (by having less tired doctors attending suggested it with "In Place of Strife" and the Conservatives tried it with the Industrial Relations Act. Perhaps neither of those recipes was exactly right. But there is no doubt that there should now be a third try—and it would be best of all if the TUC led the way.



Yesterday's renewed scuffling outside Grunwick: one of the 108 arrests.

Chosen policy

Thus there seems to be no way of winning this battle by means of trade union muscle, since without the support of the TUC the strikers cannot hope to organise a mass picket that would shut the company down, while the TUC's chosen policy of embargo appears to be failing. Whatever one's sympathies, therefore, the realistic conclusion must be that re-instatement cannot be won.

The second principal objective of the strike—winning the recognition of APEX by the company—may be attainable, but it will not mean much to those on strike even if it is won. On this the front line moved to the House of Lords yesterday. The state of play there is that the Advisory Conciliation and Arbitration Service (ACAS) is appealing against a judgment

that it is necessary to consult, but for a moment the "mass picket" and the outside Grunwick remain. There were 108 arrests and nine policemen taken to hospital. An unnumbered number of demonstrators also hurt. One asks, "what all this mean?" and the answer is "further embarrassment".

Yesterday's demonstrators did not have the official backing of the Association of Regional Executives and National Workers (APEX), the body to which the 91 strikers associated themselves. It was organised by the politicians of the Committee against the closure of the union, and with the blessing of the TUC.

All previous demonstrations did not succeed in bringing the bus carrying the workers ("scabs") to Grunwick through the gates. It simply meant adverse publicity for



one can imagine the smirk of self-satisfaction on the face of the Civil Servants who invented that reply. It would not be so bad if there could be any faith in the ability of DHSS to work out the figure the Parliamentary Committee asked for, for then this would be no more than an ordinary instance of officials refusing to divulge public information to representatives of the public. But the clever-clever evasive reply reprinted above probably does not conceal real data that the DHSS is too discreet to publish. The far more likely position is that they did not understand the question.

Nor is this the only example of its kind: Command 6971 is full of other such nuggets. Our only hope lies in pressing forward for the right to extract information from the departments we pay for, which means supporting a far more meaningful Freedom of Information act than anything any of the Civil Servants have yet allowed their Ministers to contemplate. Meanwhile, the Parliamentary select committees will just have to slot along, in spite of the insulting answers provided to the representatives of the people by the servants of the people.

The smirk

The Department of Health and Social Security replied: "The committee will be provided with regular figures derived from the Department's monitoring of unit costs." Let anyone think that means that the request will be honoured, the rest of the reply reads in full: "Where there has been improvement in the conditions of service of staff it is not easy to determine to what extent in

Letters to the Editor

Scientists and engineers

Mr K. C. G. Heath.

I am delighted to see somebody recognise clearly and fully the difference between scientists and engineers (Michael R. C. Scott-Hopkins, The Management Page, October 15). I do not agree with rejection of the word "technology" which is needed to cover engineering activities that he described as man-made, for example, sinking a mine, and activities such as mining, for which engineering is suitable. But I am very much in with him in objecting to the use by the Press and Government departments of the collective phrase "scientists-and-engineers" as, for example, in title of a conference I attended years ago, "The flow of technology for the employment of scientists and technologists".

That was the difference between an engineer and a technician. The special meeting of the English Institute last July voted against the imposition of any compulsory system of current cost accounting. At that meeting the chairman of the institute's technical committee stated: "There is agreement on the need for account to be taken of the effect of inflation. The council

flation: an improving exchange how contributions will be calculated after 1978-79. The need for a genuine system of accounting for inflation is even stronger now than it was then. Yet such is the destructive impact of political interference that the accountancy bodies are still reluctant to reject completely the ambiguous and technically faulty recommendations of the Sandlands Committee.

The special meeting of the English Institute last July voted against the imposition of any compulsory system of current cost accounting. At that meeting the chairman of the institute's technical committee stated:

"There is agreement on the need for account to be taken of the effect of inflation. The council itself is not a system of accounting for inflation." The Sandlands discussion of CPP was unconvincing. Nevertheless, Morphet was instructed to produce a proposed CCA exposure draft based on Sandlands' following its rejection by the CBI. Following its rejection by the CBI, M. Morphet and D. R. Scott-Hopkins, the subject in being currently important in industry, English chartered accountants, force of Mr. Forde's conclusions. Scientists are concerned with knowledge; engineers are concerned with putting the same basic Sandlands knowledge to practical use. Both M. Morphet and D. R. Scott-Hopkins did not emerge, believe, the subject in being currently important in industry, English chartered accountants, force of Mr. Forde's conclusions. Scientists are concerned with knowledge; engineers are concerned with putting the same basic Sandlands knowledge to practical use. Both M. Morphet and D. R. 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COMPANY NEWS + COMMENT

Lucas £21m. ahead—to spend £125m.

SALES FOR the year to July 31, 1977, by Lucas Industries expanded from £71.25m. to £86.07m. and pre-tax profits advanced from £5.84m. to a record £7.28m. after £34.67m. against £21.04m. for the first half.

Full year earnings are shown to be up from 38.7p to 38.1p per £1 share and the dividend is lifted from 7.3p to 8.2p net with a final of 6.08p.

Mr. Bernard Scott, the chairman, says that the £100m. expenditure programme has been successfully carried through involving £60m. in new capital and £40m. from revenue.

It is intended to spend a further £25m. in the current year on the group's factories and facilities with £50m. from forecast.

HIGHLIGHTS

Lucas reports good results for the year to July but the market is now concerned about the impact of labour unrest in the current year and the company has already endured a lengthy strike by toolmakers. Coral Group is making a £6m. rights issue while profits are well ahead after 38 weeks and the dividend has been increased by 50 per cent. Lex also discusses the bid by Phillips for Electronic Rentals and the Swan Hunter account which reveal the company's plans to distribute part of the nationalisation proceeds to shareholders. Capper-Neill profits after six months are 36 per cent. higher but there are doubts about prospects in the current half, while M.Y. Dart has produced profits in line with the rights issue

pany in the U.K. is back in profits after three years of losses.

Las year's pre-tax loss of £1.1m. has been turned into a profit of £23.000 for the 12 months to June 30, 1977, after an extraordinary item of £27.800 which was spent improving the voters roll service.

Although the turnover and profits show a substantial improvement over those recorded for 1976. Unaudited accounts for the 38 weeks ended September 28 show profits before tax and minorities of £13.4m. compared with £7.5m. in the same period last year.

Treasury consent has been obtained to increase the total dividend payable for 1977, on the increased capital, to a maximum of 12p net per share. The Board intends to recommend a final dividend of 6.5p net per share, giving a yield of 12.5% on the issue price of 9.2p.

Most significantly in the company's development has been the £1.7m. acquisition of Centre Hotels (Craxton), a leading hotel company which owns or manages 36 hotels in the U.K. and overseas and operates 24 restaurants under the Old Kentucky name.

The chairman adds that these acquisitions and developments are proving successful and that the companies acquired are making significantly higher profits this year than in their previous comparable periods.

The pre-tax profits before interest for Centre based upon un-audited figures for the 24 weeks from April 4 to September 22 amounted to £2.5m. against £1.36m.

Meanwhile the other principal activities in bookmaking, casinos and bingo have continued to prosper.

Greyhound tracks at Brighton and Romford have been acquired

ISSUE NEWS AND COMMENT

Coral raising £6m.—profits expand

Cor

Leisure is proposing to raise £6m. by way of a rights issue to ordinary shareholders. The issue will be of one new share for every eight held as at October 21, 1977, at a price of £200 per share. The shares closed 11p higher in the market at 241p.

Fourteen bingo clubs have been purchased for £2.4m. cash and £1.5m. in debenture notes. Coral has entered the provincial casino market with a cash outlay of £310,000.

However, in view of the progress of research developments, the Board considers it wise to raise additional funds so that the diversification programme can be maintained.

The issue is underwritten by Charterhouse Jephcott and brokers are W.L. Carr.

See Lex

Bath & St. Helens £5m. issues

Two corporations are making issues of redeemable stock—the City of Bath and the Metropolitan Borough of St. Helens. Both issues are of £5m. of 11.2% per cent. redeemable stock 1985 priced at £1.35 per cent. yield. De Bevan and Bevan have tried to price the two stock issues but fairly tightly against the market. But to some extent it depends upon what stocks are taken comparison. If the Southampton stock is taken as a guide latest issues look definitely priced.

The application lists for the two stocks open on Thursday morning. The stocks are payable as to £10 per cent. on application with a £40 call on December 15 and the balance of £25 per cent. due on January 19, 1978.

The strong cash flow from the company's activities has substantially paid half-yearly on April 30. Prospects, Page 12.

Airflow doubled midway

TAXABLE PROFIT of body engineers and vehicle dealers, Airflow Streamlines, jumped £340,000

in Brazil which were largely brought about by the high cost of financing import deposits imposed by the Brazilian Government just when the group was importing heavily to the group's diesel fuel injection equipment factory. The businesses in both Australia and South Africa also suffered from poor economic conditions.

The aircraft equipment business is passing through a difficult period. While turnover was the same there was a reduction in volume terms reflecting the phase of low activity in the industry.

The industrial equipment business continued the good progress made in the last few years.

Cash at bank and in hand at June 30 stood at £37.94m. (£20.80m.) and bank overdrafts and short-term loans at £24.35m. (£3.38m.).

External sales

Vehicle equip.

Industrial

Depreciation

Trade surpluses

Vehicle equip.

Industrial

Trade losses

Share assets

Lease int.

Int. cred.

Pre-tax profit

Net P. Tax

Deferred tax

Int. rates

Total tax

To minorities

Attributable

To pref. etc.

Int. cred. etc.

Interest due

Proposed Divid.

To creditors funds

To customers

To continuing charge on stock valuation

has increased trading surplus by £4.04m.

Profit : Income £1.59m. (£1.34m.) on

share of associate profits.

See Lex

Credit Data back in profit

Just one year after Mr. Paul Brooks took over as chairman and managing director, Credit Data of Manchester, which claims to be the biggest credit services com-

pany in the U.K., is back in profits after three years of losses.

Las year's pre-tax loss of £1.1m. has been turned into a profit of £23.000 for the 12 months to June 30, 1977, after an extraordinary item of £27.800 which was spent improving the voters roll service.

Although the turnover and profits show a substantial improvement over those recorded for 1976. Unaudited accounts for the 38 weeks ended September 28 show profits before tax and minorities of £13.4m. compared with £7.5m. in the same period last year.

Treasury consent has been obtained to increase the total dividend payable for 1977, on the increased capital, to a maximum of 12p net per share. The Board intends to recommend a final dividend of 6.5p net per share, giving a yield of 12.5% on the issue price of 9.2p.

The pre-tax profits before interest for Centre based upon un-audited figures for the 24 weeks from April 4 to September 22 amounted to £2.5m. against £1.36m.

Meanwhile the other principal activities in bookmaking, casinos and bingo have continued to prosper.

Greyhound tracks at Brighton and Romford have been acquired

for a total consideration of £1.32m. and October 31 with the cash and shares curried by these acquisitions payment of £3.77018 per cent. be paid next April.

Yields at the issue price per cent. are 11.421 and 11.543 per cent. for redemptions and 11.543 per cent.

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Tarks and Spencer buys locally in Canada

and

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corporation	Total for year	Total last year
G. E. G. Ryback Arrow	1.25s	Dec. 21	6s 1s	1.5	4.3
Elect. London Corp.	1.25s	Jan. 6	1.1	—	—
Brit. Ind. & General	1.25s	Dec. 22	1.35	3.4	3
Copper Ind. Corp.	1.25s	Jan. 3	0.94	—	1.89
Devonport Coal Co.	1.05s	Dec. 23	4.7	4.25	—
Futura Holdings	1.05s	Jan. 16	1.05	—	2.43
General Group	—	Dec. 8	—	—	—
H&L Entertainments Ltd.	1.05s	—	—	1.13	—
H. M. Dyer	1.37s	Jan. 9	3.44	8.22	1.36
Montreal Stores Inc.	0.73s	Dec. 29	0.73	—	2.22
Young Consumer Int'l.	1.14s	Dec. 30	1.2	—	3.3

Dividends shown per share net except where otherwise stated. *Dividends shown per share net for scrip issue. †On capital increase by rights and subscription issues. ‡On capital increase by rights and subscription issues. §Additional 0.00075 net for 1976-77. ¶Made public on May 1977. **Dividends shown per share net except where otherwise stated. *Dividends shown per share net for scrip issue. †On capital increase by rights and subscription issues. ‡On capital increase by rights and subscription issues. §Additional 0.00075 net for 1976-77. ¶Made public on June 1977.

4.45m. against £13.6m. Profit for all year was £401,000.

Mr. Frank Jackson, the chairman, says that the figures indicate that the group is holding its own and no marked change is to be expected in the second half. However, the prospect of some increase in construction spending gives grounds for optimism about 1978. The order book is already at a high level for 1978, he adds, and the company's organisation is well prepared to make fullest use of its opportunities.

Earnings for the half year per 10p share are shown as 4.3p (3.9p) before extraordinary items. An interim dividend is announced of 1.32s (nil) net—the shares are traded on the Over the Counter Market.

New executive pension plan from Phoenix

The Phoenix Assurance Company has introduced a new pensions contract, Executive Pension Plan, designed to provide high level pension and death benefits for directors and senior executives.

The scheme is on a cash accumulation basis with premiums being paid into a tax-free fund to which a minimum rate is added.

This minimum rate is guaranteed to be at least equal to the Building Societies Association minimum rate at the time of accrual. Phoenix has a similar guarantee on its self-employed pension contract but at present is paying 10 per cent—one-half of a percentage point above the Association's rate.

Premium payment is on a very flexible basis so that the employer can tailor the benefit structure to suit each individual's needs and what the company

envisages for the year.

First half 1977 taxable profits of civil and mechanical engineers, Jackson Group, made public from £203,000 to £239,000 on sales of

wishes to set aside. Premiums can be varied from year to year or even missed altogether, while additional payments can be made at later dates to improve benefit levels. The scheme can be kept confidential between the executive and the company so that different benefit levels can be provided for different employees without causing problems. The scheme can be non-contributory with the company paying all the contributions or the member can pay a part up to Irlam Revenue funds. Company contributions would normally be allowed as a trading expense for tax purposes.

The usual commutation option is available at retirement which makes the scheme the most tax efficient means of saving by the executive for providing for old age.

But Phoenix, in its literature has emphasised that the main purpose of the plan is to provide pension and other benefits at retirement and protection for dependents.

Interim dividend is up from 0.715p net per 20p share to 0.725p.

BOARD MEETINGS

The following companies have notified dates of Board meetings for the Stock Exchange. Most meetings are normally held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final. The dates and the dividends shown below are based mainly on last year's timetable.

TODAY

Intertech—Associated British

Clayton, Clegg Parsons, Eira

Industries, Harwell Group, C. E. Heath,

Investment Trust Corporation, Minister

of State, Northern Telecom, Whitbread

Flights—Brent Walker, Bridgford-Gaudry,

G. R. Holdings, Japsco, Martens

International, Pilkington, R. C. P. Smith, Scientific Industries

FUTURE DATES

Interim—

Alfa Pacific

Babcock and Wilcox

Collins Stites

Dawson-Jones

Dominoes

London and Northern

MK Electric

Norwest Holdings

Northgate Investment Trust

Saint Gobain

Seccombe Marshall and Campion

Selection Trust

Spirent

Telecom

Transocean

Valeo

Ward

Beaver (C. H.)

Common Bros.

Green (R. J.) Properties

Marine Bulk Carriers

Pochin

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The List of Applications will open at 10 a.m. on Thursday, 10th November, 1977, and close at any time thereafter on the same day.
This issue is made in accordance with a General Council given by the Treasury under the Control of Borrowing Order, 1978.
Application has been made to the Council of the Stock Exchange for the Stock being issued to be admitted to the Official List.

METROPOLITAN BOROUGH OF ST. HELENS

ISSUE OF

**£5,000,000 Metropolitan Borough of St. Helens
11½ per cent. Redeemable Stock 1985**

PRICE OF ISSUE £98½ PER CENT.
Payable as follows:-

On Application	210 per cent.
On 15th December, 1977	240 per cent.
On 19th January, 1978	245 per cent.
	298½ per cent.

Interest (less income tax) will be payable half-yearly on 30th April and 30th October. A first interest payment of £1,702 (less income tax) per £100 Stock will be made on 30th April, 1978.

Authorised by the Council of the Metropolitan Borough of St. Helens and issued to accordance with the Local Government Act 1972 and the Local Authority (Stocks and Bonds) Regulations 1974.

The Stock is an investment falling within Part II of the First Schedule to the Stock Exchange Act 1962.

National Westminster Bank Limited is authorised by resolution of the Council of the Metropolitan Borough of St. Helens to receive applications for the above amount of Stock on behalf of the Council.

2. PROVISION FOR REPAYMENT OF LOANS.—The Council is required by Acts of Parliament to make appropriate provision towards repayment of loans raised for capital expenditure and to take such steps as may be necessary therewith as may be required.

3. PURPOSE OF ISSUE.—The net proceeds of the present issue of Stock will be applied to replace existing debt and to finance authorised capital expenditure.

4. PLACE OF ISSUE.—ON STOCK.—The Stock will be issued in the United Kingdom.

5. REGISTRATION.—The Stock when fully paid will be registered and transferred in the name of the holder by the Company or by its agent in London in accordance with the Stock Transfer Act 1963 at National Westminster Bank Limited, Registrar's Department, P.O. Box 28, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

6. SECURITY.—The Stock and interest thereon will be secured upon all the assets of the Council. The Stock will rank pari passu with all other securities issued by the Council.

7. APPLICATIONS AND GENERAL ARRANGEMENTS.—Applications which must be made in writing on the application form, may be made by letter or telegram in accordance with the Stock Transfer Act 1963 at National Westminster Bank Limited, Registrar's Department, P.O. Box 28, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

8. INTEREST.—Interest (less income tax) will be paid half-yearly on 30th April and 30th October by warrant, which will be sent by post at the Stockholder's risk. In the case of joint account, the warrant will be forwarded to the person first named in the account.

The first payment of £1,702 (less income tax) will be made on 30th April, 1978.

9. APPLICATIONS AND GENERAL ARRANGEMENTS.—Applications which must be made in writing on the application form, may be made by letter or telegram in accordance with the Stock Transfer Act 1963 at National Westminster Bank Limited, Registrar's Department, P.O. Box 28, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

10. APPLICATIONS.—Applications above £100 Stock and not exceeding £20,000 Stock in multiples of £100.

11. APPLICATIONS.—Applications above £20,000 Stock in multiples of £5,000.

A separate cheque drawn on a bank in the United Kingdom must accompany each application form. No application will be considered unless this condition is fulfilled.

12. PAYMENT OF DEPOSIT.—In the event of partial allotment, the surplus from the amount paid as deposit will be refunded to the applicant by cheque. If no allotment is made, the deposit will be returned in full. No allotment will be made for less than £100 of Stock.

National Westminster Bank Limited reserves the right to return surplus application money if the amount of the application exceeds the amount of Stock to be allotted.

13. LETTER OF ALLOTMENT.—Letters of allotment will be sent by post at the Stockholder's address on 1st December, 1977.

14. PAYMENT OF DEPOSIT.—Interest (less income tax) will be paid half-yearly on 30th April and 30th October by warrant, which will be sent by post at the Stockholder's risk. In the case of joint account, the warrant will be forwarded to the person first named in the account.

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The first payment of £1,702 (less income tax) will be made on 30th April, 1978.

47. APPLICATIONS AND GENERAL ARRANGEMENTS.—Applications which must be made in writing on the application form, may be made by letter or telegram in accordance with the Stock Transfer Act 1963 at National Westminster Bank Limited, Registrar's Department, P.O. Box 28, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

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Financial Times Tuesday November 8 1977

Show business likes Coke

BY ART GARCIA in Los Angeles

TAINMENT companies, small but most also are regular in the rewards of recent July, profitable. There are approximately 500 Coke bottlers operating independently of the MCA's bid of \$30 a share. More companies, increasing which supplies them with Coke syrup and trademark rights, but in local markets around the country. The trend started over the years through mergers and acquisitions.

The trend started in 1977, capped by the most recent offer for Twentieth Century Fox Bottling Company of whose "Star Wars" film threatens to surpass "Jaws" as the all-time money-sucker. Last month completed its acquisition of Coca-Cola Bottling Midwest for \$27.5m., and last year it's all-time high earnings \$15.4m. to acquire 12 per cent of the common shares of Coca-Cola Bottling Company of New York, biggest independent Coke bottler in the U.S. Coke of L.A. itself only a month ago made a cash tender offer for all the outstanding shares of Coca-Cola Bottling Company of Mid-America, for approximately \$22.4m.

The growing appetite for soft drink companies has been fed by continued growth in sales, through recession, shrinking youth market and stiff competition from other beverages. Nationally, the market share for soft drinks has jumped to 27 per cent from 20 per cent since 1970, strengthening soft drinks as the number one drink in the U.S., comfortably ahead of milk and coffee. Coke continues to be the most popular flavour and accounts for 50 per cent of the market, with Coca-Cola, the best selling soft drink brand. Industry projections are that soft drink sales should increase by 4 to 5 per cent a year in volume up to 1980.

Management

The basic reason for this being about to swallow Coke bottlers is they offer growth, over the years and an evenness of often missing in the oil and sometimes volatile investment business. For an oil company such as course, has pushed up prices, John Swire and Sons could give others for Coke bottling franchises in Utah for a price about

17 times annual earnings while Northwest is offering \$40 for each share of Coke L.A. against the MCA's bid of \$30 a share. More than profits are being purchased, however. The buyers also are shopping carefully for management, a key attraction of Coke of L.A., founded in 1923 and now one of the nation's largest soft drink bottlers and biggest suppliers of bottled water and "ultra pure" water for industry. On a combined basis, net income and earnings per share rose 20 per cent last year on 16 per cent higher volume.

Over the past 10 years, Coke of L.A.'s total revenues and net earnings have almost tripled. Shareholders' equity over the same span has risen to \$73.6m., more than three times what it was 10 years ago. Cash dividends have been paid since 1974 and were boosted 14 times in 14 years to the current annual rate of 90 cents a share. The company's financial health is very good, with year-end cash and temporary investments of \$12.9m., working capital of more than \$18m. and long-term debt of only \$7.4m., or just 9 per cent of total capitalisation.

Coke L.A.'s franchised market territories spread through half of California, plus Nevada (including Las Vegas) and four of the five main Hawaiian Islands, while Mid-America is extending its reach eastward. Its product line includes 20 brands and 133 packages. California's two years of drought in a row have not affected the company's soft drink operations and have actually helped its bottled water business.

Mr. Thomas Kemp, Coke L.A. president, sees no reason why the company should not pass a measure of truth to the advertising slogan that "things go better with Coke."

Revenues

It's that kind of performance that has so many companies eyeing bottlers. General Cinema, for example, the largest operator of theatres in shopping centres, added to its position as the biggest independent bottler of soft drinks by acquiring earlier this year Pepsi-Cola Bottling Company of Washington, D.C., and Dr Pepper Bottling Company of Roanoke, Virginia. Wometco Enterprises of Miami, operator of a major motion picture chain and four television stations in recent years has acquired 13 Coca-Cola bottlers which now generate a third of Wometco's annual revenues.

Moreover, bottlers say they're unconcerned about a possible ban by Congress of the sweetener saccharin, claiming such a move would be far less disruptive than the 1969 restriction against cyclamates, an action that involved a product recall.

The Federal Food and Drug Administration has said a product recall will not be necessary with saccharin since no immediate public health danger is involved. Further, the Coca-Cola Company has advised Coke bottlers it has alternative low-calorie formulas that can be put into production with little or no interruption in product flow. Finally, bottlers contend anti-litter legislation that would require a deposit on cans and returnable bottles might improve, rather than hurt, sales.

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The best in transportation is just part of The New Philadelphia Story. If your business were to move here, Philadelphia's economic development corporation could arrange to lend you up to 100% of your development costs and provide industrial users with an interest rate of just 4% for half the loan. It's the best financial deal you'll find in America.

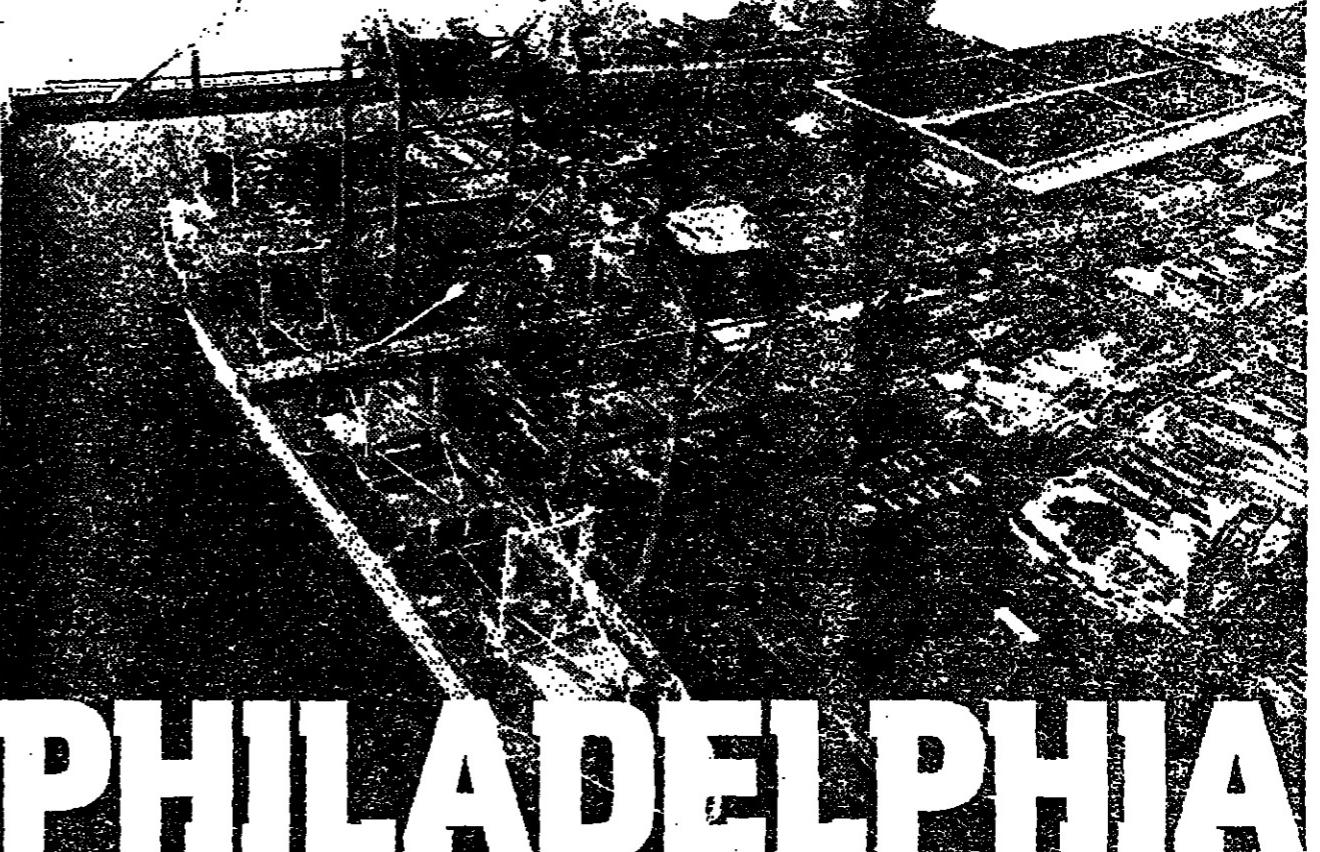
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PHILADELPHIA

Halt vandalism' crusade

AIN NEEDS a crusade to the conditions which to vandalism and violence, according to Mrs. Olive Parker, Liberal Party's spokesman. In Edinburgh yesterday responsible members of the community were worried about the problem. But she could not help gaging that the underprivileged, many cases, were taking action in what seemed

Social security claims

MR. DAVID DONNISON, chairman of the Supplementary Benefits Commission, said yesterday an estimated 1m. people—more than half of them pensioners—were not claiming the social security benefit to which they were entitled.

"We are trying to work towards a simpler scheme which will be easier for people to understand." Several simplified leaflets on supplementary benefits have been produced and will be available from the department and Post Offices.

Singapore Airlines offers a daily 747B service from London; and more flights from more European cities to more destinations in the Middle and Far East, Australia and New Zealand than any other airline. All with inflight service even other airlines talk about.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Increased profits seen this year at Suez

BY DAVID CURRY

THE HOLDING company of the in companies and investments on consolidation, is perhaps the large French private group Suez the bright part of the Suez port expects to improve its profits against almost Frs.180m. This folio. In contrast, Le Hain this year and to pay the same improvement, owed much to property and banking operation.

higher income from Saint-Gobain, Pont-à-Mousson, the main industrial participation, Indo-Suez, despite a 10 per cent. increase in capital.

This was the main information given by M. Michel Caplain, chairman of Comptoir Financier de Suez, during an analysis of the group's position, which dwelt rather longer on the problems posed by the poor international climate than on the immediate prospects for growth.

While noting that the company's diverse interests—in fact it rests on the three legs of banking and finance, industrial production and property—together with its size and holding company structure had enabled it to weather the depression, M. Caplain emphasised that a number of the concern's leading subsidiaries were in wait-and-see pos-

ition. On the industrial front, St. Gobain's recovery in first half 1977 was the main information given by M. Michel Caplain, chairman of Comptoir Financier de Suez, during an analysis of the group's position, which dwelt rather longer on the problems posed by the poor international climate than on the immediate prospects for growth.

Overall on the banking front, he noted that the limits on credit expansion prevented the banks developing business to compensate for higher costs while they also suffered from the narrow margin between the cost of money and the yield from a useful employment. M. Caplain joined with his other banking colleagues to launch a bitter attack on the Government's fiscal policies and depreciation, as well as the depressed Bourse price ruled out for the present bond issues or increases in capital. However, he showed a Frs.203m. profit against 15 per cent. higher than last year, adjusting for changes in year.

Norol equity requirements

BY FAY GIESTER

NOROL, the Norwegian State products marketing division, to-making this the best year in the concern's history, according to BP's Norwegian associate, and a the eight-month report. Turnover asked the Ministry of Industry small co-operative oil company, during January-August, was to approve a very substantial if there's acquired Braendseisole's 40 per cent. stake in the refinery, which is Norway's newest and heavily burdened record year were Kr.124.6m. with capital costs. It also in- and turnover Kr.2.178m.

The request has led to renewed criticism of the decision to form the company, taken two years ago. A Conservative Party spokesman recalled that his party had opposed the project on two grounds—its cost to the taxpayer, and the lack of any need for the State to become involved in selling oil products.

Norol needs additional capital now, partly because it has operated at a loss since it was formed, and partly because it is currently investing heavily in modernising and extending its distribution network.

The company was created in January 1976 when the State was forced to take over Norsk Hydro's oil about Kr.170m. (f17m) in 1977.

This announcement appears as a matter of record only

Republic of Iceland

US \$10,000,000

(Financing in conjunction with the Icelandic Alloys Ltd. project at Grundartangi)

Managed by
DEN NORSKE CREDITBANK
SCANDINAVIAN BANK LTD.
NORDIC BANK LTD.

in conjunction with
LANDSBANKI ISLANDS

Provided by
SCANDINAVIAN BANK LIMITED
DEN NORSKE CREDITBANK (LUXEMBOURG) S.A.
NORDFINANZ-BANK ZURICH
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BANQUE NORDEUROPE S.A.
NORDIC BANK LIMITED
UNION BANK OF FINLAND INTERNATIONAL S.A.
UNION BANK OF NORWAY LTD.

Agent
DEN NORSKE CREDITBANK

October 1977

This announcement appears as a matter of record only.

Air Products Limited
and
Air Products & Chemicals Inc.
\$6,000,000
10 year Currency Exchange Agreement
with
Continental Bank

Continental Illinois National Bank & Trust Company of Chicago
arranged by

 CONTINENTAL ILLINOIS LIMITED
11 Moorfields Highwalk, London EC2Y 9DL, 01-621 1691

U.S. PAPER INDUSTRY

The debate about prospects

BY STEWART FLEMING IN NEW YORK

EVIDENCE of price cutting in some important product lines, and generally slight improvements in third quarter earnings, have added fuel to the vigorous debate about the prospects for the U.S. paper industry which is now underway on Wall Street.

The broad outlines of the debate are clear. Since the 1974-75 recession, the traditional relationship between the growth of gross national product and the growth of the U.S. paper market has not provided a paper product

WALL STREET + OVERSEAS MARKETS

+ FOREIGN EXCHANGES

Index 4 higher after early trade

BY OUR WALL STREET CORRESPONDENT

LAST FRIDAY'S technical rally was taken a stage further this morning, although trading was rather slow.

The Dow Jones Industrial Average was 4.16 higher at 1,410.40 at 1 p.m., and the NYSE All Common Index picked up 22 cents more to \$50.49, while advances outnumbered losses by better than a two-to-one ratio. Turnover amounted to 1,324,100 shares, against 1,458,800 at 1 p.m. last Friday.

Syntax, the leading active, hardened \$1 to \$18, while Houston Oil and Minerals added \$1 at \$28.10.

OTHER MARKETS

Canada harder

Canadian Stock Markets tended to harden further in reasonably active early trading yesterday, although a start-up of Minerals were down \$4 at \$21.0 on index. Golds sold 1.5 to 1,237.0. Oils and Gas put on 2.4 to 1,246.8, while the Toronto Composite Index was just 0.4 up at 975.3.

Page Petroleum jumped 45 cents to \$4.25—the company has an interest in a Texas well, which has encountered gas. Newsweek climbed \$2.75 to \$51 on Consolidated Gold Fields' plan to acquire Newcomex shares at \$8.

Columbia Pictures added \$1 to \$181 on speculation that the company's new science fiction "Close Encounters of the Third Kind," will be a box office success—the film was shown to critics and stock market analysts yesterday.

General Dynamics put on \$1 to \$47.30 and Beech Aircraft were up a mixed performance.

Indices

NEW YORK—DOW JONES

	Nov. 4	Nov. 5	Nov. 6	Nov. 7	Oct. 31	Oct. 30	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 19	Oct. 18	Oct. 17	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	Oct. 1	Sept. 30	Sept. 29	Sept. 28	Sept. 27	Sept. 26	Sept. 25	Sept. 24	Sept. 23	Sept. 22	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 16	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 11	Sept. 10	Sept. 9	Sept. 8	Sept. 7	Sept. 6	Sept. 5	Sept. 4	Sept. 3	Sept. 2	Sept. 1	Aug. 31	Aug. 30	Aug. 29	Aug. 28	Aug. 27	Aug. 26	Aug. 25	Aug. 24	Aug. 23	Aug. 22	Aug. 21	Aug. 20	Aug. 19	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 10	Aug. 9	Aug. 8	Aug. 7	Aug. 6	Aug. 5	Aug. 4	Aug. 3	Aug. 2	Aug. 1	July 31	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20	July 19	July 18	July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10	July 9	July 8	July 7	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28	June 27	June 26	June 25	June 24	June 23	June 22	June 21	June 20	June 19	June 18	June 17	June 16	June 15	June 14	June 13	June 12	June 11	June 10	June 9	June 8	June 7	June 6	June 5	June 4	June 3	June 2	June 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	April 30	April 29	April 28	April 27	April 26	April 25	April 24	April 23	April 22	April 21	April 20	April 19	April 18	April 17	April 16	April 15	April 14	April 13	April 12	April 11	April 10	April 9	April 8	April 7	April 6	April 5	April 4	April 3	April 2	April 1	March 31	March 30	March 29	March 28	March 27	March 26	March 25	March 24	March 23	March 22	March 21	March 20	March 19	March 18	March 17	March 16	March 15	March 14	March 13	March 12	March 11	March 10	March 9	March 8	March 7	March 6	March 5	March 4	March 3	March 2	March 1	Feb. 28	Feb. 27	Feb. 26	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 20	Feb. 19	Feb. 18	Feb. 17	Feb. 16	Feb. 15	Feb. 14	Feb. 13	Feb. 12	Feb. 11	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Feb. 1	Jan. 30	Jan. 29	Jan. 28	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 22	Jan. 21	Jan. 20	Jan. 19	Jan. 18	Jan. 17	Jan. 16	Jan. 15	Jan. 14	Jan. 13	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 8	Jan. 7	Jan. 6	Jan. 5	Jan. 4	Jan. 3	Jan. 2	Jan. 1	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Nov. 30	Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25	Nov. 24	Nov. 23	Nov. 22	Nov. 21	Nov. 20	Nov. 19	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 12	Nov. 11	Nov. 10	Nov. 9	Nov. 8	Nov. 7	Nov. 6	Nov. 5	Nov. 4	Nov. 3	Nov. 2	Nov. 1	Oct. 31	Oct. 30	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	Oct. 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11	Feb. 10	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Feb. 1	Jan. 30	Jan. 29	Jan. 28	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 22	Jan. 21	Jan. 20	Jan. 19	Jan. 18	Jan. 17	Jan. 16	Jan. 15	Jan. 14	Jan. 13	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 8	Jan. 7	Jan. 6	Jan. 5	Jan. 4	Jan. 3	Jan. 2	Jan. 1	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Nov. 30	Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25	Nov. 24	Nov. 23	Nov. 22	Nov. 21	Nov. 20	Nov. 19	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 12	Nov. 11	Nov. 10	Nov. 9	Nov. 8	Nov. 7	Nov. 6	Nov. 5	Nov. 4	Nov. 3	Nov. 2	Nov. 1	Oct. 31	Oct. 30	Oct. 29	Oct. 28	

STOCK EXCHANGE REPORT

Firemen's strike decision reverses earlier firm trend Index up 4.2 at 480.4 after 487.7—Gilt loss gains to $\frac{3}{4}$

Account Dealing Dates Option

*First Declara- Last Account Dealings tions. Dealings Day Oct. 17. Oct. 27. Oct. 28 Nov. 8 Oct. 31 Nov. 10 Nov. 11 Nov. 22 Nov. 14 Nov. 19 Nov. 25 Dec. 6

"For time" dealings may take place from 9.30 a.m. two business days earlier.

Afternoon reports yesterday of the Firemen's strike deal from next Monday in support of a 30 per cent. pay claim added to the worries about labour unrest which were largely responsible for the recent sharp setback in stock markets. Following ten successive days of falls, a relatively quiet day saw the market end the week down 3.53 in the previous four trading days, put on a mere 0.01 at 78.61.

The technical nature of the moves in equities was clearly seen in the fairly big price gains recorded by the early afternoon in a rather limited trade: official markings totalled 5.177, the lowest for a fortnight and comparing with 5.651 last Friday and with 5.765 on Monday of last week. The rise, not the subsequent turndown, was accompanied by much genuine business, the movements mostly reflecting jobbers' markings and short-term speculative operations.

After having dropped 45.8 in the previous fortnight, the FT 30-share index shot up by 11.5 by noon; the rise was more than halved by 3 p.m. and further slight easiness left the closing level on a net 4.2 at 480.4. Encouraged by the September Hire Purchase figures, Lloyds and Scottish added 4 at 11p and UDT rose 3 to 44p.

Insurances closed well below the best in places. Royal Insurance closed 412p but ended only 3 better at 406p. Brokers fared better with Minet 8 up 10p and Sedgwick & Forbes 7 higher at 307p. C. E. Heath hardened 2 better at 220p, after 224p. ICI still held back by uncertainty about the third-quarter figures due to be announced during the next few days, had a penny worse 401p, after 400p, while Ladbroke reached 340p before reaching after the profit figures to end 10 down on the day at 255p.

The FT Actuaries three main indices ended with gains limited to 1.1 per cent. with the All-share 1.1 per cent. harder at 208.29, while comment on some easing in the Building industry's recession left gains of more than 2 per cent. in Building Materials and Contracting sub-sections.

Gilts sensitive

With market conditions still very thin and sensitive in the wake of recent developments on the labour front, what looked like being a promising rally in British

Funds soon petered out yesterday when it became known that 3 better at 285p, after 286p. By the firemen had voted in favour of an official strike from next tors) shed 3 to 285 following the poor results.

Weak of late with the general trend and on Press suggestions that the third-quarter profits, which are due on November 20, will prove disappointing, ICI started a price rally and quickly improved to 305p before ending a penny easier on balance at 301p. Elsewhere in Chemicals, Fisons touched 385p on favourable Press before closing only 3 higher at 378p. International Paint were 3 dearer at 35p; the interim results are due on November 17.

Among quietly firm Television

ground on a broad front but in recently-issued Fixed Interest stocks, Industrial and Commercial Finance, 11% per cent. 1990, were supported at 321, up 4, while the 11 per cent. 1988, improved 4 to 304.

A quiet day in the investment currency market saw some offerings on arbitrage account and the premium slipped to 96p per cent. before institutional support left the rate at 97 per cent. Yesterday's SE conversion factor was 0.7289 (0.7200).

Banks better

Apart from Barclays which softened a penny to 307p, the major clearing Banks were inclined harder. Lloyds and Midland improved 3 apiece to 255 and 340p respectively. Discounts closed mainly firm with Union 3 better at 435p and Carter-Ryder 3 to the good at 283p. Minister Asset hardened a penny to 265p, after 264p. ICI still held back by uncertainty about the third-quarter figures due to be announced during the next few days, had a penny worse 401p, after 400p, while Ladbroke reached 340p before reaching after the profit figures to end 10 down on the day at 255p.

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With market conditions still very thin and sensitive in the wake of recent developments on the labour front, what looked like being a promising rally in British

equities, but the range of price movements in the leaders showed the thinness of the market. Beecham ended 8 up at 85p, with GEC closing 2 harder at 285p, after 284p. ICI still held back by uncertainty about the third-quarter figures due to be announced during the next few days, had a penny worse 401p, after 400p, while Ladbroke reached 340p before reaching after the profit figures to end 10 down on the day at 255p.

The FT Actuaries three main indices ended with gains limited to 1.1 per cent. with the All-share 1.1 per cent. harder at 208.29, while comment on some easing in the Building industry's recession left gains of more than 2 per cent. in Building Materials and Contracting sub-sections.

Gilts sensitive

With market conditions still very thin and sensitive in the wake of recent developments on the labour front, what looked like being a promising rally in British

Dewhurst gained 5 to 85p and James Waller picked up 6 to 86p.

A modest technical rally by the Engineering majors left GKN with a gain of 8 to 275p and Tubex 6 dearer at 325p, while Vickers were 3 to the good at 353p. John Brown ended 3 harder at 221p. Elsewhere, Simon added 8 to 140p in response to news that a sub-contract he had awarded Russian contractors worth £10m, T. W. Ward gained 24 to 35p, after 34p. Unilever retained a rise of 10 at 358p, after 352p. Pilkington rallied 20 to 490p, and Metal Box 5 to 310p. Reed International, however, eased a penny to 140p on further consideration of last week's news of substantial costs, which had raised doubts about the final dividend. Coral Leisure pleased the market with its dividend-boosting rights offer and proposed 100 per cent. scrip issue 8 were seen in Virgin, 82p, and Marks 49p, while Gillette put on 6 to 50p. Silhouette A shed 2 to 44p on the profits warning, while following last Friday's drop of 36 on the rights issue and cautious comments about second-half prospects, De La Rue shed 4 to 36p, after 37p.

Concerns Trident A rose 4 to 35p in response to Press com-

ment.

Decca rally

Decca issues, weak recently on

small offerings in a thin market,

rallied yesterday with the

Ordinary picking up 13 at 500p,

and the "A" recouping 20 at 490p.

Elsewhere, the leaders closed with

gains rarely exceeding a few

pence after having been around

6 better at one stage. Thorn

ended only 2 dearer at 306p after

having been up to 408p. Gains of

a couple of pence were also seen

in ESEL, 208p, and GEC, 288p,

pick up 3 of last Friday's fall of

7. Among Shipbuilders, Swan

Hunter rose 9 to 157p, after 158p,

on the annual report.

Beecham below best

Press comment ahead of

tomorrow's interim figures

directed attention to J. Sainsbury,

which improved 5 to 232p. Park

Heath at 325p, recovered 10 of

last week's sharp fall as interest

reversed in front of Thursday's

fall after 268p. Electronics

Components 288p, and Racal

230p, both 3 higher. Lee Refrigerators were firm at 74p, up 6, while

Ever Ready responded to Press

comment with a gain of 4 at 162p.

Electronic Rentals were suspended

at 99p, up a penny, on news that

Philips Electronic, having pushed

it back to 10 beyond 30 per cent.

It is to make an offer to all other

shareholders.

Hotels and Caterers closed with

scattered gains. Granada 158p,

closed 14 harder at 94p.

While De Vere 135p,

and Ladbroke, 185p, put on 4

apiece. Speculative interest lifted

half figures on Thursday helped

Adda International 3 to 35p.

Small buying left CCR

Investments 2 higher at 31p.

Apart from Bernard Stanley,

which rose 7 to 172p on a revival

of its earnings, there was

nothing else to note.

Critics below best

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OFFSHORE AND OVERSEAS FUNDS

كتاب الأحلام

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*You're a Stock Exchange investor?
Is your interest lie in the Far East, or Europe?
Not your particular addiction?
Are you a commodities expert or a forex
trader? You can invest in the FT Index.*

phone

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Sects. 201-202

PROPERTY—Continued

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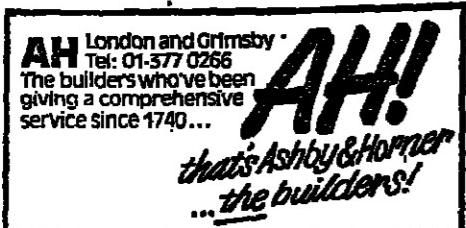
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FINANCIAL TIMES

Tuesday November 8 1977

Top quality ventilation
Vent-Axi
the fug fighter

£79m. Soviet order for Simon-Carves

BY LYNTON McLAIN, INDUSTRIAL STAFF

RUBBER processing plant worth £29m. is to be supplied to the Soviet Union by Simon-Carves, the Stockport-based subsidiary of Simon Engineering. This will be one of the biggest sterling deals in defence history. Denis Healey, the Chancellor, last December put pressure on exporters to use foreign currency in major contracts.

Two contracts are involved, each at fixed prices without escalation clauses, with the work likely to extend over two years.

The announcement comes when British exports to the Soviet Union are increasing sharply. Another "significant chunk" of the Wilson-Kosygin £950m. credit arrangement of February, 1975, is involved, according to Morgan Grenfell, which is handling finance for Simon-Carves.

With the latest contracts, about £450m. of the £950m. available to finance exports to the Soviet Union has been accounted for.

During the first nine months of 1977 British exports to the Soviet Union were worth £269.9m., 56 per cent. more than the £173.2m. total for the same period last year.

The latest contracts for auto-

mated rubber mill rooms for tyre factories at Voronezh and Belyay Tserkov bring the value of Simon-Carves rubber processing plant exported to the Soviet Union since the £20m. Dnepropetrovsk contract was signed in 1970 to £163m.

Each contract is at a totally fixed price, according to Mr. Kenneth Coulson, the sales and marketing director of Simon-Carves. He said the Russians had told the company it had to line up with other competitors in Europe, who were prepared from the outset to offer fixed-price terms. To get the business, he said, we had to accept this greater risk.

This approach marks a hardening of Soviet attitudes to major project financing. Simon-Carves' previous biggest rubber processing contract with the Russians, the £32m. Nizhnekamsk project on the Kama River, was also a fixed price contract, but was subject to escalation clauses, to an upper limit of 10 per cent. of the original value.

Details of the financial arrangements and terms of credit being concluded by Morgan Grenfell, have not been finalised and the financial agreement itself will not be signed for six weeks.

Mr. John Burgess, managing director of Simon-Carves said the contracts would mean work for 250 British sub-contracting companies. They would supply between 80 and 90 per cent. of equipment, the balance of engineering, specialised cooling drums would come from West Germany and Switzerland among other countries.

Under the fixed price contract, Simon-Carves recognises that there are attractions for us in buying overseas, but we need the backing of the Export Credits Guarantee Department.

The contracts may be the last backed by the ECGD to be agreed in sterling credit. In February Mr. Edmund Dell, Secretary for Trade announced that "in future the ECGD will underwrite larger projects only where these are financed in foreign currency."

Two months earlier the Chancellor had said: "We are taking steps to encourage the use of foreign currency financing and to control the rate at which new offers in fixed rate sterling finance will be approved by the ECGD." The aim was to reduce expenditure on refinancing and produce a net saving of £100m. in 1977/78, and £200m. in 1978/79.

Delegates from over 100 nations are attending the conference, organised under the auspices of UNTAD, which is intended to work out how the fund would be financed and operated. This follows an agreement in principle to establish the fund reached at the end of the North-South dialogue in June.

The industrialised nations insist that the cornerstone of the system must lie in the commodity organisations being bound by tight financial discipline and not having an open-ended financial access to the fund.

The second major point of difference is that the developing nations want the fund to finance other measures apart from buffer stocking such as market promotion, diversification of products, research and development and improvements in productivity. In addition, they want the fund to finance stocks or other assistance for commodities facing difficulties but not covered by commodity agreements.

In this context, they put

views on the shape of the fund were totally at variance.

The opening papers show that there are two major points of difference. The developing nations see the fund as a

GENEVA, Nov. 7.

NEGOTIATIONS on the proposed Commodity Fund to stabilise commodity markets opened here to-day with a note of warning by Mr. Gamani Corea, the Malaysian Minister of Up-Trade, that "any setback could inflict serious damage" on Government subscription to ensure universality of membership and be backed by wide borrowing powers.

Buffer stocks

By contrast, the industrialised nations envisage the fund as a banking facility for the mutual assistance of independently organised commodity associations in their buffer stocking operations. Its finance would come from deposits made by the commodity organisations who in turn would have additional borrowing rights based on government guarantees.

It was clear from to-day's proceedings that a wide gulf separates the two sides but also that at this stage both are anxious to avoid political inverte.

In an unexpected display of unity the industrialised States for the first time presented their own version of how the fund might work, although the Dutch and Scandinavians feel that insufficient concessions have been made to the Third World, while the Germans and the Japanese are worried that the West has gone too far.

Delegates from over 100 nations are attending the conference, organised under the auspices of UNTAD, which is intended to work out how the fund would be financed and operated. This follows an agreement in principle to establish the fund reached at the end of the North-South dialogue in June.

Mr. Corea said that there was wide recognition that unstable commodity markets and widely fluctuating prices were detrimental to both producers and consumers and exacerbated inflation in the industrialised economies. But any agreement in principle on a common fund had little significance, he said, if it did not cover the needs of the developing nations.

In this context, they put

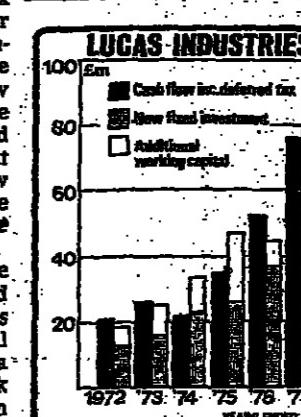
views on the shape of the fund were totally at variance.

The opening papers show that there are two major points of difference. The developing nations see the fund as a

THE LEX COLUMN

Diesel power at Lucas

Index rose 4.2 to 430.4



50.5m., an outlay of £10m. in raising its stake in Lucas. Rentals from 29.2 per cent. just over 30 per cent. in the ocean. Under over Panel rules, Phillips has to make a formal offer to the whole company. It day's 100 per share of £100 against a suspension. The offer shows that this is really serious.

Just why Phillips sit to go through the whole of mounting a bid will more than a change of a puzzle. It's more surprising since two years ago pulled out of the U.K. market and sold its Leyds retailing group, Electronic Rentals. At Phillips went to great lengths to keep its stake in the company below 30 per cent. to take over.

Phillips' experience of stakes in affiliated companies around the world pretty successful in the U.K. market. It is hard to see what there is in owning 31.1% of Electronic Rentals opposed to 29 per cent.

Coral

Coral Leisure Group's eight rights issue at 20 pence per share. The news that profits for the nine months to September have doubled from £7.5m. to £15m. The figures benefit from the recently Centre Hotels (Cranbury). While this still indicates general improvement in the company's financial position, the best performance was the cashflow.

At this stage Swan Hunter is saying no more than that it will receive at least the £25.5m. book value for the nationalised assets which works out at about 40p a share. But the balance sheet at June 30 this year shows net assets of £25m. Allowing up to £10m. working capital plus the other assets needed for the continuing businesses, this would present the possibility of a distribution of £1.4p a share. And the figure could be much higher, depending on how much the company considers it prudent to retain.

Apart from the Board's decision to return funds to shareholders and a statement from the chairman that shares in the new company will be a worthwhile investment which should grow in value over the years," information about the reconstruction is, to say, the least, sparse. Shareholders are given no information on when which go up 50 per cent. they may expect to receive the only part of the real cash, nor is there any indication in mind that the generating company should be resorting to shareholders for a further cash injection. It seems odd that the company's cashflow is projected on top of £95m. on revenue account. But the actual level of spending may depend on the group's success in getting back in line with its cash flow projections.

At this stage the market is probably not looking for anything more than £85m. pre-tax for 1977-78, and some of the pessimists see an unchanged outcome. So the shares will probably be a sensitive market for the time being at 25p. Given the recent historic n/p is just over 7.

It seems odd that the generating company should be resorting to shareholders for a further cash injection.

On the basis of figures the market expects the full year profit of a multinational company of £15m. This puts Coral on a p/e of over 27, and profits of over 6% of about 6%, at 24p.

figures the market

figures the market